



Australian Government

Department of Communications,
Information Technology and the Arts

06 | 07 ANNUAL REPORT

DEPARTMENT OF COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS





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Letter of transmittal



Australian Government
**Department of Communications,
Information Technology and the Arts**

our reference

Secretary

Patricia Scott

Senator The Hon Helen Coonan
Minister for Communications,
Information Technology and the Arts
Deputy Leader of the Government in the Senate
Parliament House
CANBERRA ACT 2600

Dear Minister

In accordance with the provisions of section 63 of the *Public Service Act 1999*, I present to you my report on the operation of the Department of Communications, Information Technology and the Arts for the financial year ending 30 June 2007.

The Requirements for Annual Reports, approved by the Joint Committee of Public Accounts and Audit, require that a copy of the report be laid before each House of Parliament on, or before, 31 October 2007.

Yours sincerely

A handwritten signature in black ink that reads "Patricia Scott".

Patricia Scott
18 October 2007

Guide to the Annual Report

This report outlines the performance of the Department of Communications, Information Technology and the Arts for the financial year ending 30 June 2007. The report is prepared in accordance with the Department of the Prime Minister and Cabinet's *Requirements for Annual Reports*, released in June 2007.

Under these requirements, the Department must report against the outcomes, administered items, outputs, and performance and budget information in the Department's 2006–07 Portfolio Budget Statements (PBS), Portfolio Additional Estimates Statements (PAES) and Portfolio Supplementary Additional Estimates Statements (PSAES). It is suggested that the annual report is read in conjunction with these documents.

The report is structured as follows:

Section 1—Overview

This section contains a review of the year by the Department's Secretary and an outline of the Department's roles and functions, organisational structure, portfolio agencies, and its outcome and output structure.

Section 2—Performance review

This section provides a report on the Department's performance against its outcomes. These outcomes cover arts and culture, sport and communications.

Performance is measured against the success measures in the 2006–07 PBS and PAES. A table linking the performance information in the annual report to the PBS or PAES performance indicators is provided at the beginning of each of the outcome reports in this section.

Section 3—Management and accountability

This section reports on the Department's management practices, including its governance arrangements and management of its human and financial resources.

Section 4—Appendices

The appendices provide supplementary information such as human resource statistics, appearances before parliamentary committees and mandatory reports such as the Department's performance in implementing the Commonwealth Disability Strategy.

Section 5—Financial statements

This section contains the Department's audited financial statements for 2006–07.

Section 6—Other information

This section contains a list of acronyms and an index to assist the reader.

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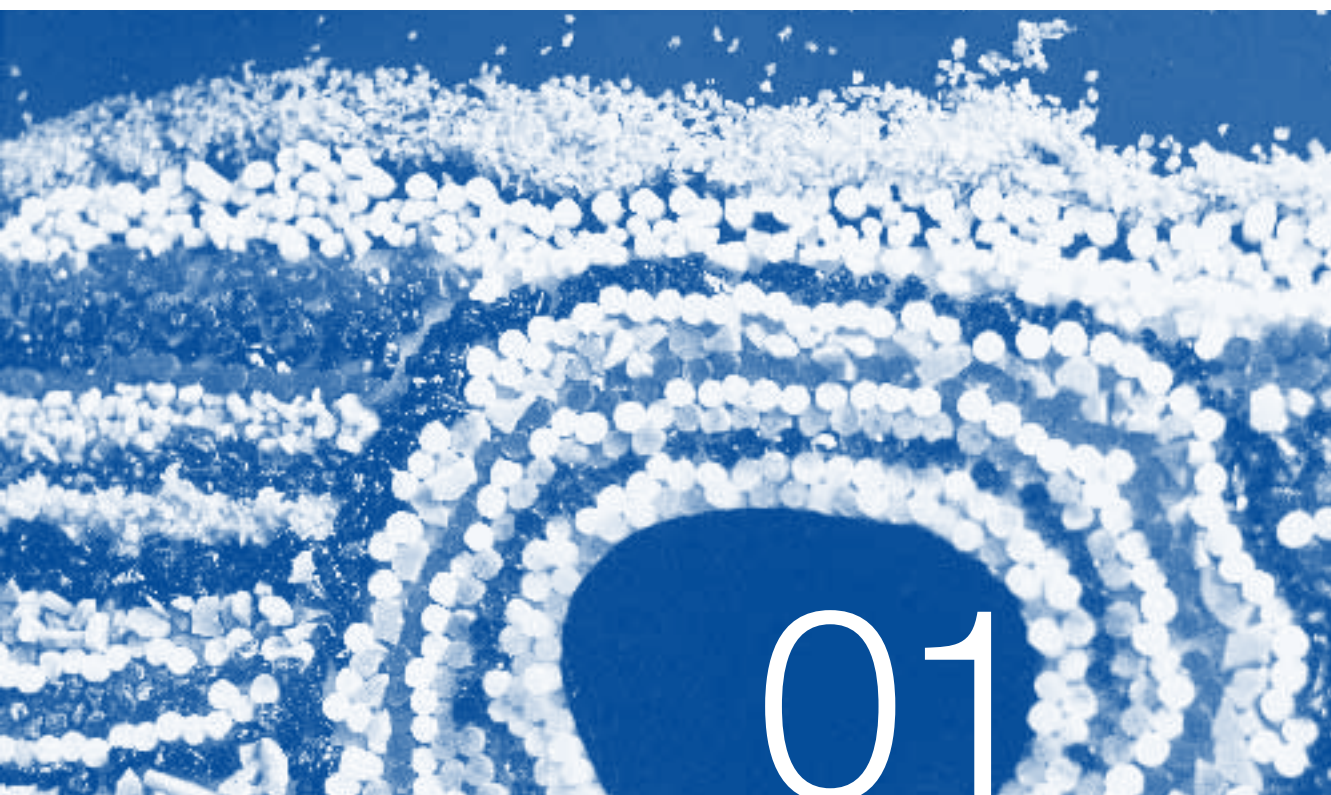
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OVERVIEW



Secretary's review

The breadth of the Department's work is illustrated by significant initiatives in the following areas in 2006–07:

- + broadband
- + media reform
- + the Australian film industry
- + reconciliation

Broadband

Access to broadband is increasingly important to the development of the Australian economy. Consistent with Australian Government policy, a focus of the Department's work was the development of programs to improve access to broadband services.

The *Broadband Blueprint* was launched in December 2006. The Blueprint provides a national framework for the future of broadband in Australia and was developed in consultation with state, territory and local governments through the Online and Communications Council.

On 18 June 2007, the Australian Government announced Australia Connected. The centrepiece of Australia Connected is the rollout of a new state-of-the-art national broadband network that will result in high speed services being extended to 99 per cent of premises in Australia. A clear focus for 2007–08 will be administering the funding agreement for the rollout of broadband networks to rural and regional areas by OPEL, a joint venture between Optus and rural group Elders.

The Australian Broadband Guarantee was established to ensure that the remaining one per cent of premises in the most remote or difficult to reach areas have access to affordable broadband services. The Australian Broadband Guarantee provides eligible households with a subsidised service. During 2007–08, the Department will also

implement the full Australian Broadband Guarantee program.

As part of Australia Connected the Minister for Communications, Information Technology and the Arts, Senator the Hon Helen Coonan, announced the establishment of an Expert Taskforce. The Taskforce is responsible for developing and managing a process for inviting and assessing proposals for the rollout of new broadband network infrastructure in capital cities and major regional centres, including the regulatory conditions that proponents consider would facilitate this outcome. The Taskforce process is a policy development process. A priority for the Department will be supporting the work of the Taskforce in developing and conducting the assessment process, and developing and implementing any subsequent enabling legislation.

Media reform

The Department was heavily engaged in developing and supporting the passage of legislation to implement the Australian Government's media reform package. This included a high level of work under extreme pressure and very short deadlines, from the development of the Australian Government's media policy consultation paper in early 2006, through an extensive consultation process and the passage of four Acts through Parliament. The legislation passed on 18 October 2006. The legislation further reforms the media industry in Australia to create a framework to deliver greater consumer choice and a competitive industry in the digital media age.

Over time, the changes are expected to result in major changes to the structure of media industry groups in Australia.

The package will assist in Australia's transition to digital television, deliver new digital services and enable Australia's media industry to take

advantage of opportunities offered by emerging technologies. In addition, the Digital Action Plan released on 23 November 2006 establishes a framework for the transition from analogue to digital services. Digital Australia has been established within the Department to support this transition.

A new era for the Australian film industry

The Australian Government announced a Review of Australian Government Film Funding Support in the 2006–07 Budget. More than 80 submissions were received from a broad cross section of the industry.

The Review report was completed by the Department in December 2006. Following its consideration of the Review, the Australian Government announced in the 2007–08 Budget a major support package for the Australian film industry, worth almost \$300 million

over four years. The package has been widely welcomed by the industry. It fundamentally redesigns the nature of Australian Government support for the industry for the first time since the early 1980s. It introduces a new incentive for producers through an uncapped tax offset scheme, which should attract stronger investor interest by giving the market more say in which productions receive support. This is expected to lead to a larger and more diverse range of Australian film and television productions with greater audience appeal. The package will also strengthen Australia's attractiveness as a location for large-scale foreign films.

As part of the package, direct Australian Government funding will continue for nationally or culturally significant productions as well as important activities such as access, script and industry development, and preservation. To provide a more strategic and



Senator the Hon Helen Coonan, Minister for Communications, Information Technology and the Arts and Maurice Newman AC, Chairman of the Board of the ABC help celebrate the 75th anniversary of the ABC. Image courtesy ABC.

co-ordinated approach, the majority of the functions of the Australian Film Commission, the Film Finance Corporation Australia and Film Australia Ltd will be merged from 1 July 2008 into a new screen authority to be known as Screen Australia. The Department has worked closely with the Department of the Treasury to develop and implement tax legislation to establish the incentives.

Reconciliation Action Plan

The Department completed and registered its first Reconciliation Action Plan in May 2007. The Plan outlines the Department's commitment to its Indigenous staff, clients and stakeholders. The reconciliation initiatives in the Plan complement existing Indigenous programs and seek to influence the delivery and outcomes of Indigenous programs and the Department's operations.

Other key areas of work

T3 Sale

During 2006–07, the Department participated in the due diligence exercise preceding the sale of the remainder of the Commonwealth's stake in Telstra. All due diligence processes and requirements were completed to a high standard, helping to ensure a smooth sale process.

Operational separation

The implementation of operational separation legislation was completed in 2006–07. The legislation reinforces competition by promoting the principles of transparency and equivalence in relation to the supply of certain wholesale services by Telstra. Monitoring of Telstra's operational separation commitments has been a priority for the Department.



L to R: Robbie Crowther, Minister for the Arts and Sport Senator the Hon George Brandis SC, and Patrick Johnson (back). Source: Australian Sports Commission.

Consumer safeguards

Attention was focused on the needs of consumers. The Department provided extensive advice on a range of consumer issues and dealt with a substantial volume of enquiries and correspondence from the Australian public.

In October 2006, Minister Coonan launched the *Stay Smart Online* website during the National E-Security Awareness Week, an initiative designed to raise public awareness of the importance of online security measures for home users and small businesses. Following this, in March 2007 the Department contributed to the Australasian Consumer Fraud Taskforce campaign, a whole of government initiative designed to raise consumer awareness of scams and fraud.

The Department published a booklet providing information for consumers on telecommunications safeguards and how to pursue them. The booklet was mailed to 3.1 million households across regional Australia as part of the Regional Telecommunications Information Campaign.

Regional telecommunications

The Department provided strong support for the development of communications services in regional and remote Australia, including through the implementation of the Connect Australia suite of programs. The Department also participated in the Working Group that is monitoring Telstra's transition of mobile phone technologies from CDMA to Next G, dealing with issues such as handset availability and audits of coverage.

E-security policy

The Department was the lead agency in a whole of government review of the E-Security National Agenda. The Review was undertaken to ensure

that Australia's e-security policy and operational framework remains responsive to the changing online environment. In response to the findings of the Review, the Government announced \$73.6 million in the 2007–08 Budget to strengthen the electronic operating environment for business, home users and government agencies.

NetAlert

The Department also gave strong support to implementing the \$189 million NetAlert—Protecting Australian Families Online package, initially announced by the Australian Government on 21 June 2006.

ICT

A focus for the Department was working with the information and communication technology (ICT) industry and other departments and state/territory governments on strategies to ensure that Australia has the human resources needed to realise the benefits of enhanced communications infrastructure. Skills initiatives over the year included supporting an industry leadership group on ICT skills, funding a national ICT skills recruitment and tracking and monitoring system, and continuing to support industry initiatives to attract more women into the ICT workforce.

Arts and cultural programs

The 2007–08 Budget provided significant funding for cultural activities to build on a number of successful initiatives and programs. Funding was provided for the Visual Arts and Craft Strategy, the Australia Council, major performing arts companies, small to medium arts organisations, the National Portrait Gallery, the Australian Ballet School, and for the repatriation of Indigenous ancestral remains and objects.

Planning and development of the National Portrait Gallery's new purpose built, stand-alone building continued and construction began. Planning also began for the construction of a Gallery of Australian Democracy and Australian Prime Ministers Centre at Old Parliament House.

The Senate Environment, Communications, Information Technology and the Arts Committee tabled its inquiry report, *Indigenous Art: Securing the Future*, on 20 June 2007. This inquiry into the Indigenous visual arts and craft sector was prompted by reports of unscrupulous conduct and exploitative practices in the industry. In 2007–08, the Department will coordinate consideration of the inquiry's recommendations to inform the Australian Government's response and implement any decisions relevant to this portfolio.

In the 2007–08 Budget, the Australian Government committed \$4.7 million over four years to continue the Return of Indigenous Cultural Property Program which the Department administers on behalf of the Cultural Ministers Council. In 2007–08, the Department will finalise tripartite funding agreements between the Australian Government and state and Northern Territory governments and museums. This delivery model will provide each jurisdiction with greater flexibility to address their specific repatriation issues. The Department will also start to develop a framework for the repatriation of non-Australian Indigenous remains held in Australian museum collections.

Combating drugs in sport

The Australian Government continued to play a leading role in the international fight against doping in sport. The UNESCO Convention Against Doping in Sport came into force in

February 2007 following the ratification of the Convention by 30 countries. The Department presented the Australian Sports Anti-Doping Authority as a model for consideration by other countries at two international symposiums.

The Australian Government has actively contributed to the review of the World Anti-Doping Code and funded six new anti-doping research projects into sports doping science. Additional funding of \$2.24 million was provided to the Australian Sports Anti-Doping Authority to enable it to respond effectively to the increased investigatory workload arising from its new responsibilities.

Australia's international recognition for being at the forefront of the fight against doping in sport means anti-doping issues will continue to be a major priority. In particular, the review of the World Anti-Doping Code which took place throughout 2007 will culminate at the World Conference on Doping in Sport in Madrid, Spain 15–17 November 2007, where a final draft of the revised Code will be presented to the World Anti-Doping Agency's Foundation Board for approval. Signatories to the Code are required to implement the 2007 Code Amendments before 31 December 2008. The Department will advise the Australian Government on legislation required to implement the newly revised Code.

Departmental management

The Department received an unqualified audit report for its 2006–07 financial statements—the fourth consecutive year that this has occurred. This is a great achievement and reflects the hard work of many officers across the Department. The Department is further strengthening the financial system with the introduction of the Budget and Reporting Tool, a new, robust database system. The tool will link to the Financial Management Information

System to ensure a single source of budget and actual data. Elements of the reporting tool will be rolled out during 2007–08.

To support the Department of Finance and Administration's Certificate of Compliance requirements, the Department developed and implemented an integrated Compliance, Accountability and Assurance Sign-off document and process to enhance the understanding of compliance requirements. The Certificate consolidates a range of existing agency reporting requirements, and provides a comprehensive overview of the agency's compliance with the Australian Government's financial management framework.

A very competitive labour market across Australia and particularly in Canberra has led to challenges in attracting and retaining staff. A number of important strategic human resource initiatives have been introduced to address workforce supply issues. The Department doubled its graduate intake in 2007 and continued with the successful school leaver program trialed in 2006 with a view to stabilising recruitment at the APS1–4 levels.

The Department also focused on developing staff capability. A senior management program was rolled out to Executive Level staff, and capability development programs for APS1–4 and APS5–6 level staff continued throughout the year. Regional office staff received tailored training in writing and understanding financial statements. Legal and Indigenous cultural awareness programs will be delivered to the regional network over the coming year.

There was a continued focus on appropriate risk management during the year. The Department's procedural rules on risk management and fraud control were revised, and key performance

indicators for strategic risks were introduced. The Fraud Control and Risk Management Plans 2007–09 were also released in June 2007.

We are moving to strengthen our policy advice and streamlining our processes, procedures and system to improve delivery of our outcomes. This will be assisted by a series of reforms introduced in August 2007 and the new Departmental structure which was implemented at the end of September 2007.

In 2006–07, the work of the Department led to significant progress against the policy initiatives determined by the Australian Government. I would like to join with former Secretary, Ms Helen Williams AO, in thanking all staff for their dedication and contribution to the successful work of the Department. The Department looks ahead with enthusiasm to the opportunities that will arise in our dynamic policy and program areas in 2007–08.

Patricia Scott



Departmental overview

The vision of the Department of Communications, Information Technology and the Arts is of a better future for all Australians by the continued development of world-class Australian communications, information technology, cultural and sport sectors.

The goal of the Department is to contribute to the development of telecommunications, broadcasting, information technology, cultural and sports sectors in Australia that are:

- + vigorous and sustainable in a global environment
- + innovative, creative and support excellence
- + increasingly accessible to all Australians
- + enhancing the efficiency and productivity of the Australian economy.

To support this vision and goal, the Department is committed to providing high-quality strategic advice and professional support to ministers and the Australian Government on a wide range of policy areas including information and communications infrastructure access and development, content, media, cultural development, sport and the arts.

The Department also administers legislation and regulations, and delivers a wide range of programs and services.

Ministerial arrangements

Senator the Hon Helen Coonan served as Minister for Communications, Information Technology and the Arts throughout 2006–07.

Senator the Hon Rod Kemp served as Minister for the Arts and Sport until 30 January 2007. Senator the Hon George Brandis SC became Minister for the Arts and Sport on 30 January 2007.

Department contact details

As at 30 June 2007, the Communications, Information Technology and the Arts portfolio consisted of the Department, including Artbank, Old Parliament House and the National Portrait Gallery, and 19 other agencies.

Contact details for the Department

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38 Sydney Avenue Forrest ACT 2603
GPO Box 2154 Canberra ACT 2601
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Fax: 02 6271 1800
dcita.mail@dcita.gov.au
www.dcita.gov.au

Artbank
enquiries@artbank.gov.au
www.artbank.gov.au

Sydney showroom
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Tel: 02 9662 8011
Fax: 02 9662 2563

Melbourne showroom
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Tel: 03 9500 2119
Fax: 03 9500 2612

Old Parliament House
King George Terrace Parkes ACT 2600
GPO Box 2154 Canberra ACT 2601
Tel: 02 6270 8222
Fax: 02 6270 8111
info.opph@dcita.gov.au
www.opph.gov.au

National Portrait Gallery
Old Parliament House
King George Terrace Parkes ACT 2600
GPO Box 2154 Canberra ACT 2601
Tel: 02 6270 8210
Fax: 02 6270 8181
npg@dcita.gov.au
www.portrait.gov.au

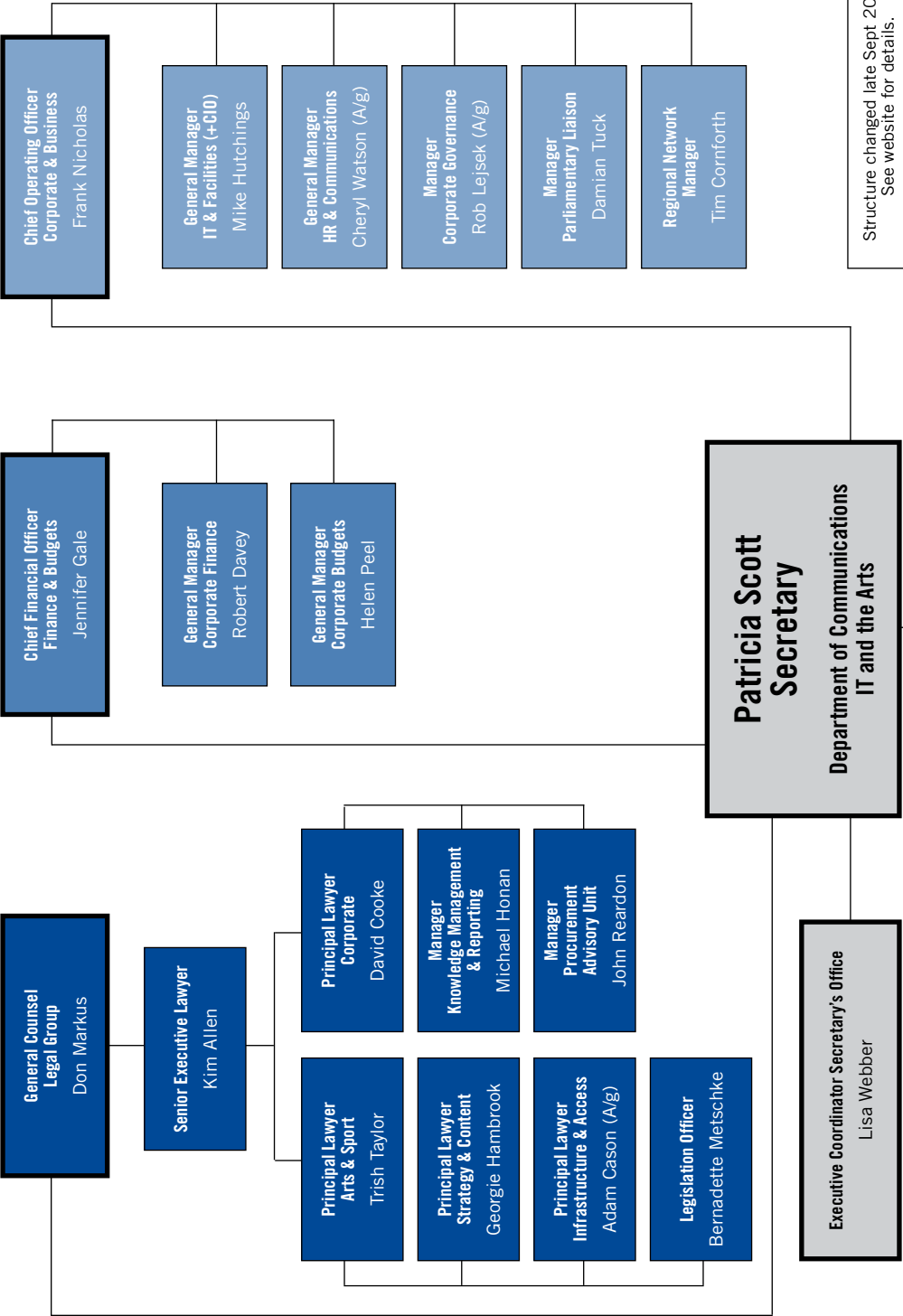
Portfolio structure

Portfolio agencies as at 30 June 2007 are listed below. Contact details are at Appendix 1.

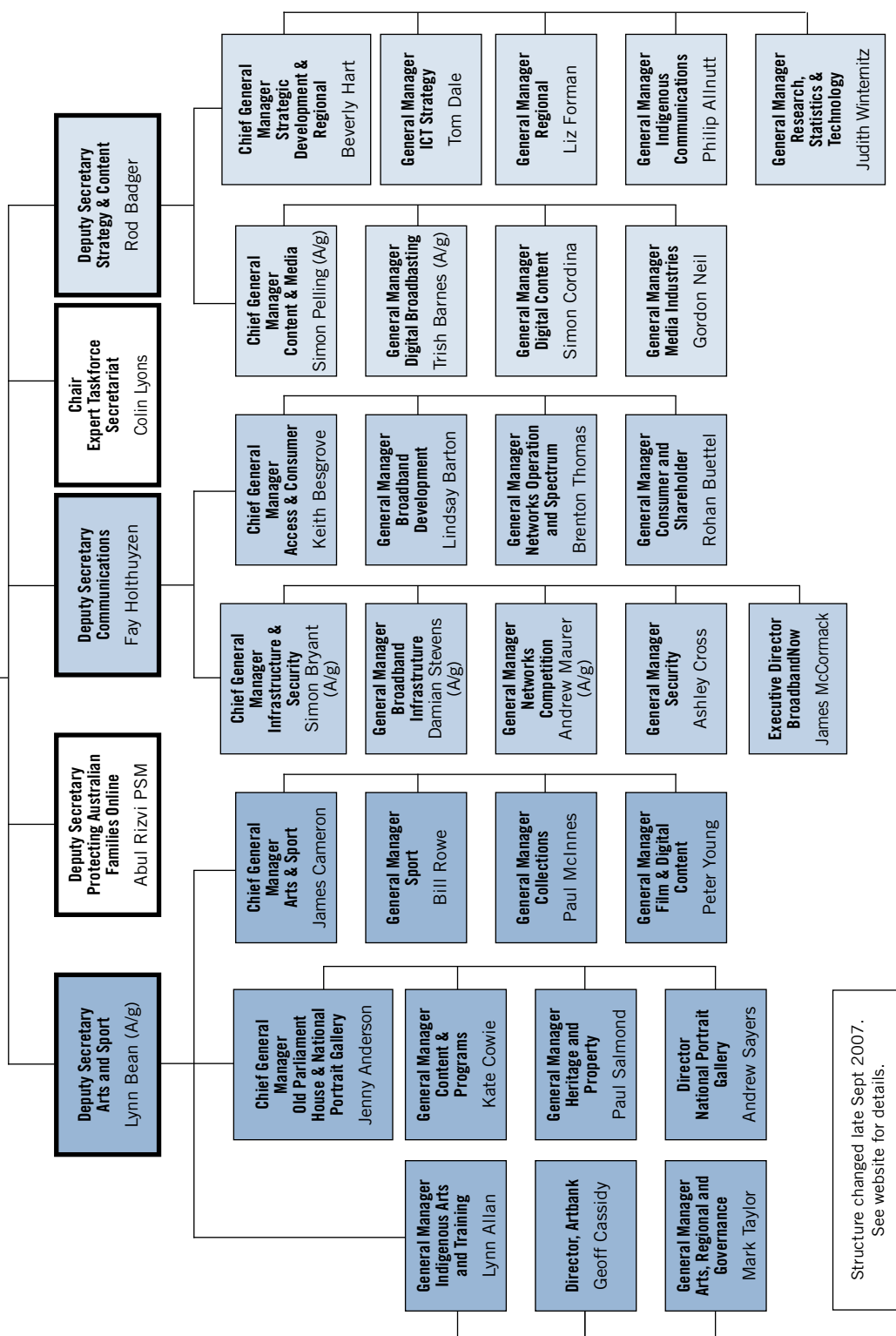
- + Australia Business Arts Foundation
- + Australian Broadcasting Corporation
- + Australian Communications and Media Authority
- + Australia Council
- + Australian Film Commission
- + Australian Film, Television and Radio School
- + Australian National Maritime Museum
- + Australian Postal Corporation
- + Australian Sports Commission
- + Australian Sports Anti-Doping Authority
- + Bundanon Trust
- + Film Australia Limited
- + Film Finance Corporation Australia Limited
- + National Archives of Australia
- + National Gallery of Australia
- + National Library of Australia
- + National Museum of Australia
- + NetAlert
- + Special Broadcasting Service Corporation

Department's organisational chart

The Department is organised into divisions which broadly support the outcome and output structure. The organisational chart overleaf reflects the organisational structure as at the end of June 2007. A new Departmental structure took effect in September 2007.



Structure changed late Sept 2007.
See website for details.



Departmental structure

As at 30 June 2007 the Department's Executive comprised Patricia Scott, Secretary of the Department, Fay Holthuyzen, Deputy Secretary for Infrastructure and Access, Rod Badger, Deputy Secretary for Strategy and Content, Abul Rizvi, Deputy Secretary for the NetAlert—Protecting Australian Families Online project and Lynn Bean, acting Deputy Secretary for the Arts and Sport. The role of the Executive Group is discussed in detail in section 3 of this report.

Helen Williams AO was Secretary of the Department until 7 May 2007.

A new departmental structure took effect in September 2007.



The Department's Executive Management Group: (back L–R) Jenny Anderson, Dr Bev Hart, Don Markus, Frank Nicholas, Abul Rizvi, Simon Pelling, Simon Bryant, James Cameron, Brenton Thomas, Colin Lyons, Dr Rod Badger, (front L–R) Jennifer Gale, Lynn Bean, Patricia Scott (Secretary), Andrew Townend, Fay Holthuyzen.

Outcome and output structure

The Department has a diverse portfolio on which to report. This is based on the outcome and output structures established by the Portfolio Budget Statements and amended in the Portfolio Additional Estimates Statements for 2006–07 as set out below.

Outcome 1 Development of a rich and stimulating cultural sector for all Australians.

Output 1.1 Policy advice, program management and agency support which promotes excellence in, preservation and maintenance of, and access to Australia's cultural activities, national cultural collections and buildings, and Indigenous languages.

Outcome 2 Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians.

Output 2.1 Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector.

Outcome 3 Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians and an internationally competitive information economy and information and communications technology industry.

Output 3.1 Policy advice and program management which delivers competitively priced, accessible and high quality telecommunications, broadcasting and postal services and that supports development and application of a competitive capability in information and communications technology.

Changes to the outcome and output structure

2006–07 Portfolio Budget Statements	2006–07 Portfolio Additional Estimates Statements	2007–08 Portfolio Budget Statements
Outcome 1 Development of a rich and stimulating cultural sector for all Australians	Outcome 1 No change	Outcome 1 No change
<i>Output 1.1</i> Policy advice, program management and agency support which promotes excellence in, preservation and maintenance of, and access to Australia's cultural activities, cultural collections and Indigenous languages	Policy advice, program management and agency support which promotes excellence in, preservation, maintenance of, and access to Australia's cultural activities, national cultural collections and buildings, and Indigenous languages.	No change
<i>Output 1.2</i> Preservation of, and access to, Old Parliament House and the National Portrait Gallery and their respective collections	This output was merged into Output 1.1 to provide a streamlined reporting structure.	
Outcome 2 Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians	Outcome 2 No change	Outcome 2 No change
<i>Output 2.1</i> Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector	No change	No change

2006–07 Portfolio Budget Statements	2006–07 Portfolio Additional Estimates Statements	2007–08 Portfolio Budget Statements
Outcome 3 Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians and an internationally competitive information economy and information and communications technology industry	Outcome 3 No change	Outcome 3 No change
<i>Output 3.1</i> Policy advice and program management which encourages competitively priced and reasonably accessible telecommunications and postal services	Policy advice and program management which delivers competitively priced, accessible and high quality telecommunications, broadcasting and postal services and that supports development and application of a competitive capability in information and communications technology.	No change
<i>Output 3.2</i> Policy advice and program management which promote accessible high-quality broadcasting services	This output was merged into Output 3.1 to provide a streamlined reporting structure.	
<i>Output 3.3</i> Policy advice and program management that assist the development of the information and communications technology industry	This output was merged into Output 3.1 to provide a streamlined reporting structure.	
<i>Output 3.4</i> Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally	This output was merged into Output 3.1 to provide a streamlined reporting structure.	

PERFORMANCE REVIEW

OUTCOME 1

OUTCOME 2

OUTCOME 3



Development of a rich and stimulating cultural sector for all Australians

Outcome 1

[Overview](#)

[Resources for Outcome](#)

[Performance information index](#)

[Outcomes](#)

[Administered items](#)

[Output 1.1](#)

Outcome 1

Development of a rich and stimulating cultural sector for all Australians

Overview

What we do

The Department's role is to:

- + provide advice to the Australian Government on cultural policy issues and work closely with portfolio agencies and other government departments to develop and implement national cultural policies
- + oversee the national cultural institutions including the National Gallery of Australia, National Library of Australia, National Archives of Australia, National Museum of Australia, Australian National Maritime Museum, Bundanon Trust, Australian Government film agencies and the Australia Council
- + work with the Australia Council, the Australian Government's principal arts funding body, and state and territory arts funding agencies to support excellence and achievement in arts practice and activities
- + administer programs which support cultural activities, philanthropy, elite arts training and film production
- + manage the operations of Old Parliament House, the National Portrait Gallery and Artbank, which are all part of the Department.

What this chapter covers

This chapter reports on cultural sector programs and outputs that the Department was funded to deliver in 2006–07 (see figure 2.1 for details). This chapter:

- + sets out our annual targets, as published in our 2006–07 Portfolio Budget Statements (PBS) or amended in the Portfolio Additional Estimates Statements (PAES) and the Portfolio Supplementary Additional Estimates Statements (PSAES), and reports our results comparing them with previous years' results where applicable
- + discusses factors that may be affecting or are likely to affect the results
- + summarises the Department's progress against the indicators nominated for each output and program.

Performance information index

Figure 2.2

	PBS page reference	Annual Report reference
Outcome 1		
Development of a rich and stimulating cultural sector for all Australians	38	23
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Regional cultural activities	38	28
Arts training organisations	38	30
Commonwealth and public companies	38	31
Educational Lending Right and Public Lending Right schemes	38	34
Art Indemnity Australia	38	35
Indigenous languages and culture programs	39	38
Indigenous arts and crafts industry	39	39
Departmental items		
Output 1.1		
Policy advice, program management and agency support which promote excellence in, preservation and maintenance of, and access to Australia’s cultural activities, national cultural collections and buildings, and Indigenous languages.	39	41

Outcomes

Access and excellence in Australia's cultural activities and preservation and development of our collections

Australia has a vibrant cultural sector whose practitioners have achieved success in Australia and overseas. Australians around the country have opportunities to attend a wide-range of exhibitions, theatre, dance and musical performances, and to participate in local arts and cultural activities. Australian Government investment supports institutions, arts practitioners and organisations, Indigenous culture and languages, and access to arts and cultural activities.

Budget initiatives

The 2007–08 Budget provided significant funding to build on a number of successful initiatives and programs.

- + \$24.7 million over the next four years to continue the successful Visual Arts and Craft Strategy (VACS). The VACS, established in 2003, has provided increased funding for more than 30 key organisations around the country and additional support for visual artists and craft practitioners. The sector is strongly supported, dynamic and well-placed to build the market for visual art and craft.
- + Renewal of triennial funding for the Australia Council. The Australia Council will receive \$418.5 million in base funding over the next three years, an increase from the previous triennium of \$20 million. This support will contribute to the vitality of the arts in Australia.

- + Increased base funding of \$24.1 million over four years for 20 of Australia's major performing arts companies to ensure the long-term sustainability of those companies. This increase follows a funding review undertaken by the Department and the Australia Council.
- + \$19.5 million over four years to support and strengthen the small to medium arts organisations which make an important contribution to the diversity and growth of the performing arts in Australia. This measure is an increase of almost 62 per cent over previous funding.
- + Additional funding of \$21.8 million over three years to deliver enhanced visitor services and facilities at the National Portrait Gallery.
- + \$4.7 million over four years for the domestic repatriation of Australian Indigenous ancestral remains and secret/sacred objects to their community of origin, and to develop a framework for the repatriation of non-Australian Indigenous remains held in Australian collections.
- + \$4.6 million in 2007–08 for the Australian Ballet School to refurbish its facilities and plan the expansion of its program.

A Review of Australian Government Film Funding Support, announced in the 2006–07 Budget, was completed in December 2006. Acting on its recommendations, the Australian Government announced a package of measures valued at \$282.9 million over four years in the 2007–08 Budget. It also announced its intention to establish a new Australian screen authority which will incorporate the functions of the Australian Film Commission, the Film Finance Corporation Australia and Film Australia Ltd. The package will introduce genuine incentives for

producers and attract strong investor interest to help put the industry on a more sustainable footing.

The Department continues to place significant emphasis on touring and regional arts programs. Touring programs which include: the Contemporary Music Touring Program, Playing Australia, Visions of Australia and the Contemporary Touring Initiative—provide Australians, particularly those living in regional and remote areas, with the opportunity to experience high quality performing arts productions and a range of exhibitions that would not be as widely available otherwise.

The regional arts programs, including the Regional Arts Fund, Festivals Australia and Festivals Australia Regional Residencies initiative, support cultural development in regional and remote areas.

The Department administers the Australian Government's investment in Australia's national elite arts training organisations. In 2006–07, the Department worked closely with a number of the elite arts training organisations to help them with their facility requirements.

Three Indigenous art and culture programs were administered by the Department—the National Arts and Crafts Industry Support (NACIS) program, the Indigenous Culture Support (ICS) program, and the Maintenance of Indigenous Languages and Records (MILR) program. These programs support the maintenance and development of strong Indigenous arts and culture, including languages. Strong culture is a key element in Indigenous communities, helping to build self-esteem and identity for people, and resilience and capacity for communities, to address the often

pressing social, economic and health challenges that they face.

The Department also administered the Indigenous Visual Arts Special Initiative, which is providing \$4 million over four years from 2004–05. The initiative builds on existing Australian Government investment in Indigenous art centres, recognising that art centres are often the foundation for excellence in the Indigenous arts industry.

In response to the Department's review of the National Collections Program, the Australian Government agreed to maintain program funding of \$1.2 million over four years from 2006–07 to 2009–10. The National Collections Program supports joint government initiatives for the collections sector and is funded by the Australian Government and state and territory governments through the Cultural Ministers Council (CMC).

Preservation of and access to Old Parliament House and the National Portrait Gallery, and their respective collections

Old Parliament House is a museum of social and political history located in a listed national heritage building. It is an important symbol of the development of Australian democracy and is a major attraction in the nation's capital city. It holds an important place in the hearts and minds of many Australians, especially those associated with the building during the long period when it housed the Australian Parliament.

Old Parliament House helps people to understand Australia's social and political history by offering insights into the past and present and by exploring the future.

The National Portrait Gallery, currently housed in Old Parliament House, has developed into a highly valued national collecting institution with a significant collection. It has gained a substantial reputation for the quality of its exhibitions. The Gallery's vision is to increase the understanding of the Australian people—their identity, history, creativity and culture—through portraiture.

During 2006–07, planning and development of the Gallery's new purpose-built, stand-alone building continued and construction began. Planning and development of new programs, content and administrative structures is also progressing. The Department has continued to work closely with the Department of Finance and Administration which manages the building aspects of the Gallery.

The first stage of the Australian Prime Ministers' Centre was opened by the Prime Minister, the Hon John Howard MP on 21 June 2007 at Old Parliament House. Planning for the other Gallery of Australian Democracy projects is progressing. These initiatives will be supported by a new five-year program of capital works developed in 2006–07.

Both Old Parliament House and the National Portrait Gallery continued to attract strong visitor numbers through new in-house exhibitions, associated programs and activities, and website access. Collections held by the National Portrait Gallery and Old Parliament House continued to grow as a result of commissions, purchases and donations.

Administered items

Touring programs

Impact of funding

The Department's cultural touring programs continued to provide audiences across Australia, particularly in regional and remote areas, with access to high-quality performing and visual arts.

During 2006–07, the Minister for the Arts and Sport approved funding of:

- + \$5.4 million for 39 tours supported through the Playing Australia program, which provides financial support for the touring of performing arts across Australia
- + \$1.95 million for the development and tour of 28 exhibition projects through the Visions of Australia program, which helps organisations to develop and tour exhibitions of Australian cultural material
- + \$171 668 for 19 tours supported through the Contemporary Music Touring Program, which provides touring opportunities for musicians and gives audiences access to original Australian music.

These projects covered a range of performing arts genres and museum and gallery exhibitions, making a wide-range of arts programming available to audiences across the country. Funding was provided through these programs to major organisations such as The Australian Ballet, Bell Shakespeare Company, Opera Australia, Circus Oz and the National Gallery of Australia. Smaller organisations were also supported, including renowned percussionist Nick Parnell for a tour of *It's Nothing But Rhythm*, and the Orange Regional Gallery.

Among the approved projects Playing Australia provided:

- + \$373 796 to HIT Productions to tour *The Club*, the award winning play by David Williamson. The production starred one of Australia's most popular and respected actors, Gold Logie Award winner John Wood, and presented 159 performances at 74 venues across every Australian state and territory
- + \$25 732 to the *Twin Cellists* to present 17 performances across South Australia, Tasmania, Victoria, New South Wales, the Australian Capital Territory, Queensland and Western Australia.

In addition to funding tours, the Playing Australia program continued to support the development of national performing arts touring infrastructure. Funding of \$118 000 was provided towards the biannual national performing arts touring market, Long Paddock, and the redevelopment of a performing arts touring coordination website (the Cyberpaddock). These were launched by the Minister for the Arts and Sport, Senator the Hon George Brandis SC, on 17 April 2007.

Among the approved projects The Contemporary Music Touring Program provided:

- + \$10 000 to musician Judy Campbell of NSW for a tour by her eleven piece world music band *Mosaic*. The February 2007 tour visited 20 venues in New South Wales, Victoria, Queensland and the Australian Capital Territory including Bowning, Wauchope, Taree, Oberon and Wangaratta.

Evidence provided in project acquittals under the Contemporary Music Touring Program suggests that program funding provided opportunities to significantly

Case Study

***Nabarlek*—Playing Australia Program**

In April 2006, the former Minister for the Arts and Sport, Senator the Hon Rod Kemp, announced funding of \$2.8 million under Round 27 of the Playing Australia program. In that round the Queensland Arts Council received funding of \$70 699 for a tour of *Nabarlek* by Skinnyfish Music.

Nabarlek is a nine-piece Indigenous band from Manmoyi in Western Arnhemland in the Northern Territory. The band arranges their traditional songs and stories into the format of contemporary music. Their songs are sung in tribal language and English. It is a style that is influenced by rock, country and gospel—a style known as Indigenous Roots music.

Nabarlek toured to Darwin, Portland, Ballarat, Preston, Nunawading, Rockhampton, Mackay, Townsville and Cairns in February–March 2007. The tour was a great success artistically, and attracted a mix of Indigenous and non-Indigenous audiences to theatres across Australia, with capacity audiences in Portland and Nunawading.

In its acquittal the Queensland Arts Council stated that, ‘This tour to nine towns across three states would not have been possible without the support of Playing Australia... the spirit of reconciliation was alive and well during *Nabarlek*’s performances of traditional and contemporary songs, the tour reinforced the importance of our work touring performing arts across Australia’.

As part of the tour, *Nabarlek* visited correctional centres in Rockhampton and Townsville, where band members talked to young inmates and played a number of songs.



Nabarlek performing at Darwin Entertainment Centre.

The funding to support this tour demonstrates the importance of Playing Australia’s role in supporting remote-based artists and performing arts producers to tour into larger centres. It also demonstrates the program’s broader objective to provide performing arts of a high standard to regional and remote communities across the country.

extend touring by contemporary music groups to regional venues outside established touring circuits.

The Contemporary Touring Initiative (CTI) aims to attract new and existing audiences to contemporary Australian visual arts and craft. The Australian Government's provision of \$1.2 million in funding for the CTI was allocated over three years from 2004–05 as part of the Visual Arts and Craft Strategy (VACS), which was developed in response to the Report of the Contemporary Visual Arts and Craft Inquiry.

The CTI provides assistance to major collecting institutions with demonstrated experience and expertise in developing major touring exhibitions. Since its inception, CTI funding of \$1.2 million has helped develop and tour five major exhibitions of the work of significant Australian contemporary artists. These are:

- + *Tim Johnson Painting Ideas*—developed and toured by the Queensland Art Gallery in collaboration with the Art Gallery of New South Wales
- + *James Angus and Paddy Bedford*—developed and toured by the Museum of Contemporary Art, Sydney

- + *The National Indigenous Art Triennial: Culture Warriors*—developed and to be toured by the National Gallery of Australia
- + *Gordon Bennett*—developed and to be toured by the National Gallery of Victoria.

Regional cultural activities

Diversity of and access to cultural activities in regional areas

Festivals Australia

The Festivals Australia program (including the Festivals Australia Regional Residencies initiative) supports new arts projects at regular festivals. These projects cover diverse art forms including classical, jazz and blues music, traditional Indigenous dance and hip-hop, writing workshops, sculptures, puppetry and circus skills. In two funding rounds, funding of \$1.51 million was provided through Festivals Australia and Festivals Australia Regional Residencies to 96 projects, 64 per cent in regional areas and 18 per cent in remote Australia.

The high quality of recent Regional Residencies applications demonstrated

Figure 2.3 Number of shows in all states and territories 2006–07
M (Metropolitan) R (Regional)

Program	ACT		NSW		VIC		SA		QLD		NT		WA		TAS	
	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R
Contemporary Music Touring Program	16	0	34	122	39	37	12	26	18	29	3	15	10	59	2	7
Playing Australia	12	0	25	125	54	149	14	35	35	118	19	17	13	61	19	33
Visions of Australia	5	0	7	28	4	17	9	3	3	13	2	3	7	6	7	0

a strong public demand for arts projects involving collaborations between an artist and community participants creating and presenting locally relevant artistic works.

Regional Arts Fund

The Regional Arts Fund is providing \$16.1 million over four years from 2004–05 to 2008–09, to support community-based cultural development in regional, remote and isolated communities throughout Australia. The program is delivered in partnership with regional arts organisations in each state and arts ministries in the territories through funding agreements and within the framework of national guidelines approved by the Minister for the Arts and Sport. In 2006–07, the Regional Arts Fund provided \$4.07 million nationally, for a range of activities which included funding for 191 community arts projects totalling \$1.8 million.

Of the \$16.1 million provided to the Regional Arts Fund, \$1 million over four years is allocated to the *Creative Volunteering—No Limits* accredited training course. Creative Volunteering allows regionally-based volunteers to develop a range of skills including marketing, working with collections, and governance. From its inception in 2001 to the end of June 2007, Creative Volunteering provided 732 workshops (including 89 in 2006–07) in 230 locations for 6140 participants (including 902 in 2006–07). In 2006–07, two new course modules were rolled out which covered organisational governance and working with people. Further modules are under development.

A Regional Arts Summit was held in Canberra on 10 August 2006 at Parliament House and was opened by the Minister for the Arts and Sport. The 25 panellists and 60 participants

debated future priorities for the regional arts sector.

Departmental officers engaged in a range of regional arts seminars and information sessions to increase broader awareness of the Department's regional cultural programs. These included the Pacific Edge Regional Arts Conference, held in Mackay in September 2006, which attracted more than 700 delegates.

During 2006–07, departmental officers introduced targeted promotional strategies to help Indigenous people access the Department's mainstream cultural access programs which support arts and culture projects in regional and remote Australia. Regional Arts Australia undertook a scoping project in 2006 to identify barriers and provide strategies to increase Indigenous access to Creative Volunteering. A pilot project has been approved with Regional Arts Fund funding of \$67 000 to develop a flexible model for delivering Creative Volunteering training to Indigenous communities. The pilot will begin in late 2007 in two Indigenous communities.

Community Heritage Grants

The Community Heritage Grants (CHG) program provides cash grants of up to \$15 000 to community groups to document and preserve their collections, and provides conservation and preservation training. The program is administered by the National Library of Australia under a funding agreement with the Department. In the 2006 grant round, 80 grants were awarded to community organisations and collecting institutions to preserve significant objects within their collections.

The 2007 grant round is being jointly funded by the Department (\$420 000), National Library of Australia (\$40 000), National Archives of Australia (\$20 000),

National Film and Sound Archive (\$20 000) and National Museum of Australia (\$40 000). Applications for the 2007 grant round closed on 8 June 2007 and are being assessed.

Maritime Museums of Australia Project Support Scheme

The Maritime Museums of Australia Project Support Scheme (MMA PSS) provides grants of up to \$5000 to help organisations caring for Australia's maritime collections to enhance the collection management, conservation and presentation of Australia's maritime heritage. The program is administered by the Australian National Maritime Museum (ANMM) under a funding agreement with the Department. The 2006–07 grant round was jointly funded by ANMM (\$15 000) and the Department (\$63 400) and provided \$78 400 to 24 projects and two internships.

Arts training organisations

Efficient and timely administration of funding agreements

The Australian Government supports the national performing arts training organisations to provide elite level training to equip Australians for performance roles and in performance support areas such as direction and costume design.

Seven national performing arts training organisations received operational funding totalling \$14.4 million in 2006–07. Funding is provided from the Cultural Development Program through comprehensive funding agreements which set out the outputs and reporting obligations of the organisations.



NAISDA auditions, at the NAISDA Dance College, Mt Penang NSW, December 2006.

The organisations funded in 2006–07 were:

- + Australian Ballet School
- + Australian National Academy of Music
- + Australian Youth Orchestra (AYO)
- + Flying Fruit Fly Circus (FFFC)
- + National Aboriginal and Islander Skills Development Association (NAISDA)
- + National Institute of Circus Arts (NICA)
- + National Institute of Dramatic Art (NIDA).

One-off funding of \$58 420 was provided to the FFFC and NICA jointly to engage a guest master trainer from the Shanghai Circus School.

In 2006–07, all training organisations achieved results consistent with the terms of their funding agreements and acquitted their payments within the specified timeframes.

Training organisations had 1020 students enrolled in 2006–07. Many graduates of the training institutions found work in their chosen fields including with prestigious national and international companies. For example, twelve of thirteen graduates of the Australian Ballet School in 2006 are now contracted to ballet companies in Australia and overseas.

There were improvements to the facilities of a number of arts training organisations in 2006–07 including:

- + The opening, in March 2007, of NICAs purpose built performance and training venue, the National Circus Centre in Prahran, Victoria. Since May 2004 the Australian Government has provided \$8.3 million towards the design, construction and fit-out of the new Centre.
- + The official opening, in April 2007, of NAISDA's Mt Penang campus, following its relocation from Sydney in October 2006. In February 2007 the Australian Government announced additional funding for NAISDA to support the development of dance training, academic and performance facilities, and residential accommodation at Mt Penang. This included \$5 million to refurbish the Mt Penang facilities and \$300 000 per year to meet increased operational costs in the new premises.
- + Additionally, in January 2007 the Australian Government announced funding of \$4.9 million over four years to enable NIDA to meet the ongoing operational costs associated with its expanded facilities.

Commonwealth and public companies

Efficient and timely administration of funding agreements and reporting arrangements

The Department administers annual grants to certain companies operating in the cultural sector. The funding allocated to these companies over the last three years is set out in figure 2.4.

The Department administers Australian Government funding to Ausfilm under an annual funding agreement. Ausfilm provides an information gateway service for foreign producers seeking advice on aspects of screen production in Australia including Australian Government incentives. At 30 June 2007 Ausfilm had met all its reporting obligations under the 2006–07 funding agreement.

The Film Finance Corporation Australia invested \$72.3 million in a diverse slate of feature films, television drama

and documentaries which generated a total production value of \$196 million. The Corporation's policy of determining eligibility either through marketplace attachments or creative evaluation has generated a more diverse group of films. Over the last twelve months this has included the release of *Clubland*, *Romulus My Father* and *Razzle Dazzle*.

Film Australia Limited delivered 18 National Interest Program points consistent with its obligation to produce 100 program points under the five-year contract with the Department. It also continues the History Initiative—a 10 part series of high quality documentaries on Australia's history. The first of these was a three part series entitled *Constructing Australia* the first part of which, *The Bridge*, was shown on ABC television on 18 March 2007.

The Australian Children's Television Foundation's latest co-production *Mortified*, received critical acclaim and many local and international awards including two Australian Film Institute awards. The Victorian Government has purchased an upgrade

of the Foundation's *Kahootz* educational multimedia program for all Victorian public schools.

The Australia Business Arts Foundation (AbaF) met its reporting requirements under the 2006–07 funding agreement. AbaF has promoted private sector engagement with the arts throughout 2006–07 through its Partnering, Volunteering and Giving Programs. AbaF exceeded performance targets in a number of key program areas including the number of business arts partnerships facilitated, the dollar value of volunteering relationships facilitated and value of donations to the Australia Cultural Fund.

During the year, the Bundanon Trust achieved increased overall attendances with 11 377 visitors in 2006–07, representing a 23 per cent increase over the previous year. Importantly work began in 2006–07 to improve the Riversdale access road.

A review of the Bundanon Trust's operations was undertaken in the 2006–07 Budget context. Following

Figure 2.4 Funding to Commonwealth and public companies 2004–05 to 2006–07

Institution	2004–05 (\$m)	2005–06 (\$m)	2006–07 (\$m)
Ausfilm	1.047	1.321	1.367
Film Finance Corporation Australia	65.500	70.500	70.500
Film Australia Ltd	10.848	13.007	13.170
Australian Children's Television Foundation	2.511	2.543	2.578
Australia Business Arts Foundation	1.652	1.651	2.252 (does not include funds for Visual Arts training package)
Bundanon Trust	0.490	0.847	1.069

the review, the Australian Government announced indexed funding of approximately \$6 million over four years from 2007–08. The funding will enable the Trust to undertake its core activities and address identified pressures in collection management, marketing and information technology.

Cultural Ministers Council and related initiatives

The Cultural Ministers Council (CMC) is the ministerial forum for the exchange of views on issues affecting cultural activities in Australia and New Zealand. It provides a forum for cultural cooperation and coordination between the Australian Government, Australian states and territories and New Zealand.

The Council comprises the ministers responsible for cultural activities in these jurisdictions. Cultural ministers from Papua New Guinea and Norfolk Island and a representative from the Australian Local Government Association have observer status on the Council. The Council is supported by a standing committee of senior officials from each jurisdiction. An Australian Government representative held the chair of CMC and the standing committee from 6 August 2005 until 22 September 2006.

The 19th meeting of the CMC was held in Wellington, New Zealand on 22 September 2006. The Department provided secretariat support to the Council, the standing committee and a number of working groups including the Statistics Working Group. The Department hosted the standing committee meeting on 27 July 2006 and continues to manage the majority of Council initiatives and working groups.

The Council secretariat reviewed CMC operations in 2006. Ministers agreed to the review's recommendations for improving the governance and efficiency of the Council and its working groups, and these recommendations are being implemented.

Key initiatives undertaken

On behalf of CMC, the Department continued to manage a number of Council initiatives including the Collections Council of Australia, the Return of Indigenous Cultural Property Program and the Collections Australia Network.

CMC agreed in September 2006 to establish a roundtable to investigate prospects for the creative sector in the digital environment. The roundtable completed a mapping exercise of shared priorities and activities in the digital environment. The outcomes of the mapping exercise are informing a report being prepared for consideration by ministers at their next meeting in November 2007.

At the September 2006 meeting, ministers also agreed that contemporary music should be a CMC priority. A working group has been established to consider and develop opportunities for collaborative CMC action to support the growth of the contemporary music sector. An audit of cultural and industry programs available to the contemporary music industry has been completed and a business skills development program is planned for early 2007–08.

The Department's secretariat support and financial contribution to the Statistics Working Group of the CMC assisted in the ongoing production of core cultural statistics required for monitoring developments in the cultural sector.

Statistics Working Group reports released in 2006–07 included:

- + *Cultural funding in Australia—three tiers of government 2004–05*
- + *Music in Australia: a statistical overview*
- + *Cultural participation by persons with a disability and older persons, 2003*
- + *The social and demographic characteristics of cultural attendees*
- + *Aboriginal and Torres Strait Islander Australians: involvement in arts and culture.*

Collections Australia Network

During 2006–07, the Department continued to administer the contract for the delivery of the Collections Australia Network (CAN) on behalf of the CMC as an online resource for use across the collections sector. As the current CAN service contract expired on 30 June 2007, the Department undertook a tender process for a service provider to promote, deliver and maintain the CAN website for the next three years to 30 June 2010. The successful tenderer was the Powerhouse Museum.

Return of Indigenous Cultural Property Program

The Return of Indigenous Cultural Property (RICP) Program represents a collaborative effort between the Australian Government, the state and Northern Territory governments and the museums sector to resolve the issues surrounding the return to Indigenous communities of collections of Indigenous ancestral remains and secret/sacred objects. The RICP Program is intended to enhance existing repatriation activities undertaken by the eight major museums in Australia and does not apply to holdings overseas.

Round three of the current RICP Program, which was due to conclude on 30 June 2007, was extended to 31 December 2007 to enable museums to complete their current program of repatriation activities.

During the year a review was undertaken of the RICP Program. Discussions with arts ministries in each state and the Northern Territory on continuing the RICP program are progressing.

Collections Council of Australia

In February 2004, CMC agreed to establish the Collections Council of Australia (CCA) to advance the stability and sustainability of the collections sector throughout Australia. In 2006–07, the Department provided the secretariat for a review of the CCA and recommendations will be considered by CMC.

Public Lending Right and Educational Lending Right schemes

Increased access to Australian books in public and educational libraries by providing support to Australian creators and publishers

The Educational Lending Right and Public Lending Right programs provide payments to eligible Australian creators (authors, editors, illustrators, translators and compilers) and publishers whose books are held in educational and public lending libraries. Both programs support the enrichment of Australian culture by encouraging the growth and development of Australian writing and publishing. The Public Lending Right program was established in 1974 and the Educational Lending Right program was established in 2000.

The number of titles registered with the Public Lending Right program that received a payment in 2006–07 was 23 056, and 37 869 titles were registered with the Educational Lending Right program. Payments were calculated from the results of sample surveys of books held in public libraries and educational lending libraries.

There continues to be significant increases in new claimants under the Educational Lending Right program, with an increase of 748 (5.4 per cent) of total eligible claimants in 2006–07. The claimant numbers for the Public Lending Right program remain comparatively stable with new titles added to the program being offset by older books falling below the minimum number of copies (50) required to attract a payment.

There is a minimum payment threshold for both programs of \$50. The maximum payment in 2006–07 under the Public Lending Right program was \$180 000 and for the Educational Lending Right

program it was \$109 016, which in each case was a payment to a publisher.

This year has marked a step forward in service delivery to creators and publishers with the launch of the Lending Rights Online service which provides improved convenience of access and information for both new and existing claimants.

Art Indemnity Australia

Australians have wide access to exhibitions of significant Australian and international cultural material

Art Indemnity Australia (AIA) is the program through which the Australian Government indemnifies owners against loss of, or damage to, works loaned for exhibitions of significant cultural material. This indemnity by the Australian Government makes it possible for some of the world's greatest masterpieces to be brought to, and exhibited in, Australia.

Figure 2.5 Educational Lending Right payments

Number of payments made	New claimants	Creators	Publishers	Total payments (\$m)
2004–05	540	8681	314	10.377
2005–06	440	9423	355	10.408
2006–07	365	9887	374	10.438

Figure 2.6 Public Lending Right payments

Number of payments made	New claimants	Creators	Publishers	Total payments (\$m)
2004–05	412	8605	344	6.818
2005–06	406	8570	353	7.002
2006–07	380	8525	341	7.091

Case Study

Exhibit highlights extraordinary items that shaped our nation

The exhibition *National Treasures from Australia's Great Libraries* presented 170 iconic items that shaped our nation. Drawn from the collections of Australia's national, state and territory libraries, the exhibition contained a diverse range of manuscripts, maps, drawings, paintings and objects—from the everyday to the exotic.

The exhibition was extremely popular, attracting more than 191 000 visitors during 2006–07. First shown at the National Library of Australia in December 2005 the exhibition then toured to Victoria, Tasmania, New South Wales, Queensland, South Australia, the Northern Territory and Western Australia, ensuring wide access to this important cultural exhibition.

Significant items displayed included the helmet worn by Ned Kelly at the siege of Glenrowan, the cricket bat Don Bradman used to score a record breaking 334 runs, and Captain James Cook's *Endeavour* journal.

The Australian Government has provided significant support to the exhibition through two cultural programs administered by the Department—AIA and Visions of Australia.

Since AIA was established in 1979, the Commonwealth has indemnified cultural objects worth \$11.952 billion in 99 exhibitions, with a combined audience of more than 20.7 million visitors. Without AIA, the high cost of insuring valuable cultural items would prohibit the touring of significant exhibitions, such as *National Treasures*, to and within Australia.

The *National Treasures* exhibition also received funding of \$160 000 through the Visions of Australia program to help with the costs of touring it to all states and territories.



Captain James Cook's *Endeavour* journal.

The exhibition saw extensive collaboration between libraries across Australia, with the exhibition tour managed by the National Gallery of Australia on behalf of the National Library of Australia and every state and territory library.

More information on the exhibition is available from nationaltreasures.nla.gov.au

In 2006–07 AIA indemnified the following exhibitions:

- + *National Treasures from Australia's Great Libraries*
- + *Picasso: Love and War 1935–1945*
- + *Cook's Pacific Encounters*.

The program aims to achieve an equitable geographic spread of exhibitions over time. During the year the numbers of venues for indemnified exhibitions were comparable to those in 2004–05 and 2005–06. During 2006–07 AIA achieved a wider geographic spread of exhibitions due to *National Treasures* which toured every Australian state and territory between 2005–06 and 2007–08. The tour began at the National Library of Australia in December 2005 and concluded its tour in Western Australia in August 2007. At 30 June 2007, a total of 350 273 visitors had viewed this exhibition.

The geographic spread across all states and territories between 2002–03 and 2006–07 is shown in figure 2.7 below. Since 2002–03, 53 venues across all states and territories have hosted exhibitions indemnified under AIA. The high number of venues in 2002–03 and 2003–04 was the result of the National Gallery of Australia's *Out and About* exhibition which involved touring 10 of its most precious works to 20 galleries to celebrate the National Gallery's 20th anniversary.

There have been no claims on AIA over the past five financial years.

Exhibitions indemnified by AIA attracted more than 437 000 visitors during the year.

Figure 2.7 Art Indemnity Australia—number of venues and geographic spread

	2002–03	2003–04	2004–05	2005–06	2006–07
ACT	1	3	2	3	1
NSW	3	2	0	0	1
VIC	3	2	3	3	1
TAS	2	1	1	1	1
SA	0	4	2	0	1
WA	1	2	0	0	1
NT	2	1	0	0	1
QLD	2	1	0	0	1
Total number of venues	14	16	8	7	8

Source: Art Indemnity Australia managing organisations

Figure 2.8 Art Indemnity Australia—number of visitors to indemnified exhibitions

2003–04	2004–05	2005–06	2006–07
647 000	397 994	474 253	437 236

Indigenous languages and culture programs

Impact and range of activities funded to recognise, protect and promote use of Indigenous languages and participation in traditional and contemporary Indigenous cultures

The Indigenous Culture Support (ICS) and the Maintenance of Indigenous Languages and Records (MILR) programs are funded by the Australian Government and operate Australia-wide. In delivering these programs, the Department works cooperatively with the Department of Families, Community Services and Indigenous Affairs and other agencies in a whole-of-government approach to Indigenous affairs.

Indigenous Culture Support

The Indigenous Culture Support program supports the maintenance and development of Aboriginal and Torres Strait Islander cultures, with an emphasis on community participation, cultural transmission across age groups, new forms of cultural expression, and cultural exchange among different Indigenous communities and between Indigenous and non-Indigenous cultures in Australia.

In 2006–07, 140 activities were supported, totalling \$6.77 million. Funding assisted a range of activities including the operation of cultural centres, the teaching of cultural traditions across generations, cultural camps, art and craft production, dance and music festivals.

Maintenance of Indigenous Languages and Records

The Maintenance of Indigenous Languages and Records program continues to support the maintenance and revival of Aboriginal and Torres Strait Islander languages as living systems of knowledge shared by communities and passed down from generation to generation.

In 2006–07, seventy-nine activities were supported at a cost of \$8.8 million. The range of activities funded included the operation of language centres, salaries for language workers, community involvement to complement the teaching of Indigenous languages, and the production of materials and resources facilitating language maintenance and revival. Funding was also provided to national Indigenous language organisations to enhance coordination and cooperation nationally, and to strengthen links between research and collection at a national level and community-based activities.

For example, Arwarbukarl Cultural Resource Association (ACRA) in New South Wales received \$188 250 in 2006–07 to continue developing a language database to be used by communities and language workers to revitalise Indigenous languages. This activity has received wide support and fostered strong partnerships with education and business. In July 2007 ACRA was recognised at Microsoft's Global Partnership Awards as a top three finalist in the International Community Partnerships category, from over 1800 international entries.

Indigenous arts and crafts industry

Range of activities funded to recognise, protect and promote Indigenous arts and crafts

The National Arts and Crafts Industry Support (NACIS) program continued to support Indigenous art centres and arts support and advocacy organisations through funding, with the overall objectives of assisting art centres to become stronger and building a more sustainable arts practice. In 2006–07, sixty-eight activities were supported worth \$5.7 million. While most of the funding contributed to the operational costs of Indigenous art centres, often through supporting the salaries of art centre coordinators, funding was also provided to a number of national initiatives to provide training and support services to individual Indigenous artists and member art centres.

In 2006–07, the Department administered the third year of the Indigenous visual arts special initiative. The Government has committed \$4 million over four years for upgrading Indigenous art centre facilities, for marketing activities and for training young and emerging artists. In 2006–07, eighteen activities were supported across the three funding categories including a series of two-day workshops in visual arts techniques and business skills for artists throughout regional New South Wales provided by Outback Arts (NSW), the upgrade of the pottery studio at Hermannsburg Potters Aboriginal Corporation (NT), and the development of a range of marketing items for Djilpin Arts Aboriginal Corporation in Beswick in the Northern Territory.

Shared Responsibility Agreements

Shared Responsibility Agreements (SRAs) represent a new cooperative way of supporting arts and cultural activities in Indigenous communities. SRAs are agreements at the local level between governments and Indigenous communities or groups. Through an SRA, the community and governments agree to work towards certain identified goals with the governments providing resources and the community making commitments (or mutual obligations) to help reach these goals. The three arts and culture programs—ICS, NACIS and MILR—provided support towards 12 SRAs totalling \$482 553 in 2006–07.

In 2006–07 the ICS program contributed funding of \$323 053 for 10 SRAs. The flexibility of ICS program objectives and the range of activities supported enabled the program to be a small but important contributor to many large SRAs, playing an integral role in achieving much broader social outcomes.

The MILR program contributed funding of \$109 500 to three SRAs. The MILR program has contributed to SRAs that help build a strong and sustainable Indigenous languages environment. In 2006–07 the NACIS program contributed funding of \$50 000 to one SRA.

These contributions included one substantial SRA in Hopevale to which all three programs contributed.

The *Better Pathways* SRA, supported by the ICS program and managed by the Orange Shire Council, targeted ‘at risk’ Indigenous youth aged from 9 to 15 years in the community. The program was also linked with the Indigenous community as a whole by providing structures for engagement with community through cultural activities, a mentoring scheme,

and a 'high-achieving' youth sport program. In return, young community members agreed to work closely with appointed mentors, attend school, avoid criminal behaviour and attend court for prior outstanding offences, as well as serve as good role models for other Indigenous young people. Mentors agreed to undertake TAFE mentor training and act as an advocate for their charges. The community believes that changing these risk behaviours will offer young people better opportunities in life and used the SRA to help achieve this. In the first two months of the project ten boys attended a camp in which they painted didgeridoos and canvases and discussed cultural issues with male mentors, while eight girls attended a girls camp and discussed women's business issues during craft sessions involving fabric painting and jewellery making. The SRA has been extended beyond 2006–07 to allow completion of the project, and a review of the effectiveness of the project strategies will be held in November 2007, with a final review in 2008 at the expected completion of the project.

Output 1.1

Policy advice, program management and agency support which promotes excellence in, preservation and maintenance of, and access to Australia's cultural activities, national cultural collections and buildings, and Indigenous languages

High-quality program administration

Indigenous programs

The Department's Indigenous visual arts and crafts, culture and language programs were part of the 2006–07 whole-of-government funding round for Indigenous programs coordinated by the Department of Families, Community Services and Indigenous Affairs.

Demand for support from the Department's Indigenous arts and culture programs remained high with more than 540 applications for funding support received. Over the year 287 activities were funded to the value of \$21.3 million (\$5.7 million for NACIS, \$6.8 million for ICS, and \$8.8 million for MILR).

Three important consultancies were undertaken in 2006–07. These were an evaluation of the Maintenance of Indigenous Languages and Records program, a review of the Federation of Aboriginal and Torres Strait Islander Languages (FATSIL) Corporation, and an evaluation of the governance structures and processes of the Townsville Aboriginal and Torres Strait Islander Cultural Centre and their impact on the

operations of the Centre. The findings of the evaluations and the review are under consideration.

Information about the Return of Indigenous Cultural Property (RICP) program can be found under Administered Items.

Touring and cultural development programs

In 2006–07, 182 projects from 427 applications were offered over \$9 million through Festivals Australia, Festivals Australia Regional Residencies, Playing Australia, Visions of Australia, the Contemporary Touring Initiative and the Contemporary Music Touring Program.

Applications were assessed by expert committees for each of the programs on two occasions during the year, and recommendations were made to the Minister for the Arts and Sport. Announcements of successful applicants were made through ministerial media releases.

Community Heritage Grant program funding of \$391 230 was announced on 8 November 2006. Details are available on the National Library of Australia website.

Film programs

The Australian Government provides indirect support to filmmakers through tax incentive programs administered by the Department.

In 2006–07, the Department received:

- + 656 provisional applications under Division 10BA of the *Income Tax Assessment Act 1936*. Prior to 8 May 2007, 215 applications were received and 95.3 per cent of these were processed within three weeks of receipt.

- + 145 applications under Division 10B of the Act. Of these 74 were received and processed by 8 May 2007.
- + Four applications for final certification for the Refundable Film Tax Offset under Division 376 of the *Income Tax Assessment Act 1997*. Three applications were assessed within agreed timeframes (within eight weeks of receipt of application). One application, which was received on 31 May 2007, was under assessment at 30 June 2007.

A very high number of applications under Divisions 10B and 10BA were received following the Australian Government's announcement in the 2007–08 Budget that new applications to the 10BA and 10B schemes would not be accepted after 30 June 2007.

In 2006–07, the FLIC Company did not raise any concessional capital under the Film Licensed Investment Company (FLIC) scheme. Following the Review of Australian Government Film Funding Support, the Government decided to discontinue the FLIC scheme in conjunction with the introduction of the new Producer Offset.

Regional Arts Fund

Information about the Regional Arts Fund program can be found under Administered Items.

Art Indemnity Australia

The Art Indemnity Australia (AIA) program is demand driven, and the AIA managing organisations are responsible for developing exhibition proposals to be considered for Commonwealth indemnity. During 2006–07, the managing organisations did not submit any preliminary or final applications for indemnity.

Philanthropy programs

The Department administers two philanthropy programs that encourage private sector support for the arts and cultural sector.

The Register of Cultural Organisations allows qualifying cultural bodies to offer donors the incentive of a tax deduction for gifts of money and, in certain circumstances, property such as real estate, shares and office equipment.

Figure 2.9 Divisions 10B and 10BA tax concessions and Refundable Film Tax Offset applications processed*

	2002–03	2003–04	2004–05	2005–06	2006–07
10BA provisional applications	204	214	351	250	245
10BA final applications	107	95	69	67	54
10B applications	60	63	58	74	108
Offset provisional applications	1	2	1	1	0
Offset final applications	1	5	5	6	3

* A processed application is one that has been received, processed and certified, rejected, withdrawn or lapsed.

The Cultural Gifts Program encourages gifts of culturally significant items to public art galleries, museums, libraries and archives by offering donors tax incentives including a tax deduction for the market value of their gifts and capital gains tax exemption on gifts.

Figures 2.10 and 2.11 show the number and value of gifts over the last five years.

Culture and Recreation Portal

The Department administers the Culture and Recreation Portal, www.culture.gov.au, as an ongoing program. It is part of the Australian Government's e-Government Strategy 2006 and the customer-focused Portals Framework. The Portal provides access to information from more than 3800 Australian websites, including approximately 500 government sites. The portal's search engine is also used by a number of culture websites including the

Australian War Memorial and the National Gallery of Australia.

The website holds more than 150 articles about Australia's history, culture and identity and has links to related online resources. Sites are evaluated by the Department before being linked to the portal. The portal provides online news and events services as well as resources for culture sector professionals interested in digital content and information and communications technology.

As shown in figure 2.12, in 2006–07 visits to the portal totalled 4.7 million, an increase of almost four per cent from 2005–06. At 30 June 2007 the portal listed 3800 websites, with the total number of pages indexed increasing by 26 per cent over the year.

In 2006–07 a review of the website's collections policy was undertaken, and a graphics enhancement was uploaded in May 2007.

Figure 2.10 Register of Cultural Organisations—number and value of donations processed

	2002–03	2003–04	2004–05	2005–06	2006–07
Number of donations	54 440	68 280	69 038	80 804	84 486
Total donations value (\$m)*	27.7	39.5	36.1	41.3	45.3
Average donation value (\$)	508	579	523	512	536

* The value of donations processed for these financial years may increase as further statistical returns are received from registered cultural organisations.

Figure 2.11 Cultural Gifts Program—number and value of donations processed*

	2002–03	2003–04	2004–05	2005–06	2006–07
Number of donations processed	790	508	651	615	596
Total value (\$m)	43.9	24.7	47.2	28.9	33.4
Average donation value (\$)	55 569	48 622	72 503	47 121	56 040

* Donations entered onto the Department's database and assessed by the Committee

Figure 2.12 Culture and Recreation Portal performance indicators

	2004–05	2005–06	2006–07	Change (%)
Visits per annum	3 508 411	4 590 741	4 761 067	+4
Websites listed	3521	3800	3800	zero
Pages indexed	1 847 880	2 244 070	2 835 858	+26

Source: Culture and Recreation Portal

Applications processed within agreed timeframes

In 2006–07, Playing Australia, Festivals Australia, Visions of Australia and the Contemporary Music Touring Program achieved 100 per cent compliance with the Department's *Client Service Charter* requirement that grant payments be made within four weeks of the acceptance of reports, and/or in accordance with relevant schedules or commitments.

The Department's Indigenous arts and culture programs were part of the whole-of-government funding round coordinated by the Department of Families, Community Services and Indigenous Affairs. The Department assessed and managed applications within the whole-of-government timeframe and entered into common funding agreements with recipients of funding.

Under the Foreign Actors Certification Scheme, certificates are issued to confirm that relevant Australian content criteria have been met in relation to film or television productions, wholly or partially produced in Australia, for which producers wish to engage foreign performers. To 30 June 2007, 64 applications were processed. All applications were processed within the agreed timeframe of five working days.

All Register of Cultural Organisations applications were assessed against eligibility criteria in accordance with agreed timeframes and submitted to the Minister for the Arts and Sport and the Assistant Treasurer for their consideration every three to four months, in line with program requirements. During 2006–07, 79 cultural organisations were approved and entered on the Register, bringing the total number of organisations to 1083.

All Cultural Gifts Program valuer and donation applications were processed in line with program requirements and agreed timeframes to ensure their submission to the next Taxation Incentives for the Arts Committee meeting.

High-quality and timely policy advice and ministerial services

The Department provides policy advice and support for the ministers across the range of cultural issues.

Film

A review of Australian Government Film Funding Support was announced in the 2006–07 Federal Budget. An issues paper was released by the former Minister for the Arts and Sport, Senator the Hon Rod Kemp in July 2006. The Review examined the effectiveness of existing programs and other support options and

considered ways to address the low levels of private sector investment through tax incentives. The Review was conducted by the Department in consultation with the Department of the Prime Minister and Cabinet, the Treasury and the Department of Finance and Administration.

Submissions closed on 11 August 2006 and 82 submissions were received. Extensive consultations were held involving the film and television industry, the investment sector, and state governments.

The Department let two consultancies to examine key components of the Review. One consultancy examined the effectiveness of measures used to support film businesses in the United Kingdom, Canada, Germany and Denmark, and some states from the United States. The consultancy examined the balance between direct and indirect support measures, and reported on their relevance and applicability to the Australian context.

The second consultancy sought the views of key players in the Australian investment market on ways of making film businesses a more attractive long-term investment option and examined incentives in other Australian industries that might usefully be applied to the film industry.

After considering the findings of the Review, the Australian Government announced a package of support measures in the 2007–08 Federal Budget entitled *Backing the Australian film industry*.

The Australian Screen Production Incentive, the centrepiece of the first stage, includes three major tax incentives—the Location Offset which commenced on 8 May 2007, the Producer Offset and the Post, Digital and

Visual Effects Production (PDV) Offset, both of which began on 1 July 2007.

The Department worked closely with the Treasury to implement the tax measures. The Department has responsibility for preparing enabling legislation and resolving transitional issues in the lead-up to the merger of the three film agencies—the Australian Film Commission, the Film Finance Corporation Australia Ltd and Film Australia Ltd—from 1 July 2008 (see case study—*Backing the Australian Film Industry* on page 46).

In August 2006 the Department completed the statutory review of the Refundable Film Tax Offset before the 4 September 2006 deadline. The report of the Review, which is available from the Department's website, was tabled in Parliament on 6 December 2006. The report findings informed the broader review of Australian Government Film Funding Support.

The Department has progressed negotiations on the development of new bilateral film co-production agreements with China, Singapore and South Africa. These agreements are expected to come into force in the next 12 to 18 months following finalisation of agreed text and completion of domestic treaty approval processes. The Department has commenced re-negotiation of the existing film co-production agreement with the United Kingdom and this is expected to be finalised before the end of 2007–08. The Department also began considering the merits of entering into film co-production agreements with India and the Republic of Korea. In consultation with other government stakeholders, the Department developed an Australian treaty template to help future co-production negotiations.

Case Study

Backing the Australian film industry

Described by industry as the ‘most fundamental structural and financing shake-up of Australian film for nearly 20 years’¹, the Australian Government’s comprehensive package of measures *Backing the Australian film industry* significantly boosts support for the screen production industry. It will provide more than \$290 million over the next four years and follows the completion of the 2006 Review of Australian Government Film Funding Support.

Backing the Australian film industry has received an overwhelmingly positive response as it addresses many of the difficulties faced by the film industry over the last few years. The benefits of the introduction of a tax offset relating to domestic production as well as enhancing the 12.5 per cent Refundable Film Tax Offset (RFTO) were strongly supported in submissions to the 2006 Review.

The Producer Offset is a new way of delivering support which will let a producer build equity in their Australian drama or documentary, whether for film, television or other media, and offers a significant indirect incentive to investors in productions of wide appeal. This is important for the long-term growth of the Australian production industry. The Location Offset replaces the RFTO and includes enhancements such as an increased offset from 12.5 to 15 per cent. The Australian Government has also introduced a world-first alternative 15 per cent Post Digital and Visual effects production (PDV) Offset for all expenditure on post production, animation and digital and visual effects over \$5 million undertaken for a film or television project in Australia. These enhancements will ensure Australia remains a competitive destination and continues to attract large-budget offshore productions.

A new agency, Screen Australia, will be established from 1 July 2008 to provide a coordinated and strategic one stop shop for film makers. It will take on the functions currently undertaken by the Australian Film Commission, Film Finance Corporation and Film Australia. The Authority will promote Australian films at home and overseas and will take on responsibility for managing the Producer Offset.



Minister Brandis inspecting the major location set for the production of *Australia* at Carlton Hill in the Kimberleys with location supervisor Phillip Roope.

Backing the Australian film industry will ensure audiences benefit from a diverse range of engaging Australian film and television productions. The measures will also equip Australia’s highly talented film and television industry for the challenges ahead, provide potential for growth and encourage greater private investment.

During 2007–08, the Department will continue to work with the Treasury on the development of legislation for the Producer Offset and Location Offset. It will also develop legislation for Screen Australia.

¹ ‘Australian tax shake-up sees 40% rebate’, Screen International, May 11–17, p.7

During 2006–07 the Department continued to support Australian audiovisual sector interests in monitoring trade negotiations relating to both the development of free trade agreements with relevant countries and in the WTO GATS context.

The Department responded to reports of unethical practices in the Indigenous visual arts industry, providing advice to ministers on the challenges facing the sector. This advice informed visits by ministers to remote communities in central Australia and the Kimberley where consultations took place with key sector representatives. Following these consultations, on 15 August 2006 the Australian Government announced a parliamentary inquiry into the Indigenous visual arts sector to examine and make recommendations on strategies and mechanisms to strengthen the sector.

The Senate Environment, Communications, Information Technology and the Arts Committee conducted the inquiry. The Department appeared before the Committee on two occasions, and provided a written submission and further information to the Committee on request. The Committee reported its findings on 20 June 2007 and the Department is coordinating the Australian Government response to its recommendations.

Performing and visual arts

A key recommendation of the Orchestras Review 2005 was that Australia's symphony orchestras be divested from the ABC and established as independent companies. While there have been delays in divestment arising from complex implementation issues, notably the ramifications of moving orchestra employees out of public sector superannuation funds, all orchestras have now been divested from the ABC.

Effective 31 December 2006, all shares in the symphony orchestras are owned by fully independent companies limited by guarantee. The implementation of the Review recommendations has resulted in all the symphony orchestras reporting operating surpluses. The orchestras are now working to implement the workplace and other reforms recommended by the Review.

In 2006 the Department undertook a comprehensive evaluation of the Government's Visual Arts and Craft Strategy (VACS). The VACS provided joint Australian, state and territory government funding of \$39 million over four years to individual artists and arts organisations. The Department's evaluation found that the VACS had been successful in achieving its outcomes, with key results including a:

- + 23 per cent increase in organisations' earned income
- + 98 per cent increase in public programs
- + 125 per cent increase in sponsorship
- + 41 per cent increase in gallery visitor numbers.

These strong results led to the Australian Government allocating \$24.7 million over four years from 2007–08 for the continuation of the VACS.

The Department worked with the Australia Council on a review of the funding model for Australia's major performing arts companies. The review found that the companies had for the most part achieved the improvements to earned revenue, governance and financial management recommended by the 1999 Major Performing Arts Inquiry. The review also revealed areas where companies are coming under increasing pressure in meeting their performance and financial targets. The Review recommended additional funding as well as a number of

changes to the funding model for specific companies. In the 2007–08 Budget the Government committed an additional \$24.1 million over four years to increase the base grants of 20 companies.

The Department continued to work with training organisations to provide advice to ministers on enhancing performing arts training facilities including the relocation of NAISDA, the completion of the National Circus Centre, and NIDA capital works. A consultant was engaged to write a development strategy for the Australian National Academy of Music from 2006 to 2010.

The Department completed a review of the governance aspects of the arts and sport agencies and this is expected to result in legislative changes.

During the year the Department provided advice to the Australian Government in relation to future funding for the collection depreciation expenses of the national collecting institutions, and consulted closely with central agencies to achieve a satisfactory resolution. Interim funding arrangements from 2007–08 were approved by the Prime Minister in March 2007.

The Department also worked closely with the National Gallery of Australia on its proposal for funding a major building enhancement project. The proposal successfully secured funding for the project at a total cost of \$92.9 million. The project will begin in September 2007 and provide a range of benefits including improved entrance and arrival facilities, and increased display space particularly for Indigenous art.

Support for the contemporary visual arts and crafts sector by Artbank

Artbank provides direct support to Australian artists through the acquisition, promotion and rental of artworks by Australian artists and craftspeople. The expanding Artbank collection, valued at \$30.5 million, comprises more than 9600 works in a variety of styles and media by more than 3500 artists. Artworks from the Artbank collection are rented by private, commercial and government clients as well as Australian embassies and high commissions around the world.

Figure 2.13 Advice provided within agreed timeframes

Type of advice	2004–2005		2005–2006		2006–2007	
	Number	% on time	Number	% on time	Number	% on time
Ministerial Correspondence	473	73	336	69	437	69
Briefings						
+ Minutes initiated in DCITA	482	88	586	94	534	96
+ Meeting Briefs	313		360		335	
Question Time Briefs	158	64	185	64	153	82
Parliamentary Questions on Notice	8	12.5	4	75	3	33

In 2006–07 Artbank invested \$657 702 in the primary art market through the purchase of works directly from artists, artist-run initiatives and private galleries. Artbank acquired 206 artworks from 133 artists. Eighty-four of the artists were new to the collection, with 31 identified as Aboriginal and Torres Strait Islander. More than 6700 artworks were on loan throughout the period, an increase of six per cent on the previous year.

In January 2007 a new branding and advertising campaign was launched to promote Artbank's activities. This culminated in the launching of Artbank's redesigned website in late March 2007. The website provides an expanded educational opportunity to both potential clients and the general public through *The Collection* section. These pages feature a changing series of profiles on specific Australian artists and artworks in the Artbank collection.

Artbank's Melbourne showroom has continued to attract an increase in private and commercial clients in Victoria and Tasmania. The number of artworks rented through the Melbourne office has risen to 969, an increase of nearly 34.5 per cent on the previous year.

Artbank's regional touring exhibition, *Artbank: Celebrating 25 Years of Australian Art* has been travelling Australia for the past 12 months. The show presents a diverse array of arts and crafts collected since Artbank's inception in 1980, including paintings, Aboriginal and Torres Strait Islander art, glass, photography and sculpture.

The exhibition has visited Redland Art Gallery, Artspace Mackay and Perc Tucker Regional Gallery in Queensland, Carnegie Gallery in Tasmania, Latrobe Regional Gallery in Victoria and Bathurst Regional Gallery in New South Wales.

Artbank developed a touring exhibition, *Gelam Nguzu Kazi—Dugong My Son*, for the Department of Foreign Affairs and Trade in partnership with The Australian Art Print Network for the Kubin Community Council. It is the first exhibition of limited edition linocuts by the artists of the Mualgau Minaral Artist Collective from Mua Island in the Torres Strait.

The tour started in January 2007 in Port Moresby, and travelled to Noumea, Wellington, Vientiane, Ho Chi Minh City and Hanoi. The exhibition will tour to the Philippines, Thailand, Indonesia and Taipei before touring in China in 2008.

Effective client satisfaction and consultation

The Department undertook a client satisfaction survey of 683 clients liaising with the Department on arts and cultural matters across a range of policy and program activities. Responses showed that 97 per cent were satisfied with the services provided by the Department, a drop of one per cent from 2005–06. Seventy-eight per cent rated the Department's client service as good or excellent, up from 74 per cent in 2005–06.

Respondents were asked to comment on the extent to which the Department was achieving its objectives across its main areas of responsibility. In regard to achieving access and excellence in Australia's cultural activities, 90 per cent of the 564 clients who responded on this issue were satisfied with the Department's effectiveness. Eighty-seven per cent of the 395 respondents were satisfied with the Department's effectiveness in assisting the development and preservation of cultural collections, a decline of four per cent from the previous year.

The Department consulted with clients and stakeholders during the year on a range of policy initiatives and programs. Examples of consultations are outlined below.

The review of Australian Government Film Funding Support involved consultations with the film industry through an issues paper and submission process. The Department also consulted with other key stakeholders and central agencies. This process identified a wider industry consensus on the measures needed to position the industry for growth which assisted the Australian Government in considering the review's findings.

Following the Australian Government's budget announcement of the screen media package, the Department undertook further consultation with the film and television production industry. This process resulted in a number of enhancements to the package to strengthen its value, flexibility and appropriateness.

Compliance with accountability standards

Throughout the year, the Department provided formal and informal advice to portfolio agencies on compliance with better practice, corporate governance arrangements and meeting accountability obligations.

The Public Lending Right is a mature program which in 2006–07 made payments totalling \$7.1 million to 8866 eligible creators and publishers. An internal audit of the program identified some risks but also found that there were reasonable controls in place. The audit findings have supported the outcomes of a review of the program's business systems, which are currently being implemented. As a key strength,

the audit found that program staff were very good at liaising with key stakeholders and maintaining good customer satisfaction.

An evaluation of NACIS by the Office of Evaluation and Audit (OEA) in the Department of Finance and Administration under the provisions of the *Aboriginal and Torres Strait Islander Act 2005* began in 2006. The evaluation focuses on program administration as well as the outcomes achieved by the program and its effectiveness in achieving the government's objectives.

Research and analysis activities contribute to policy development

As part of the statutory review of the Refundable Film Tax Offset scheme (RFTO), the Department's Research, Statistics and Technology Branch undertook an econometric analysis of the net cost of the RFTO to the Australian Government, including the additional production attracted to Australia by the RFTO and associated taxation revenue and the cost of administering the scheme including payments made to certified applicants. Review findings were considered as part of the broader Review of Australian Government Film Funding Support.

In relation to the Review of Australian Government Film Funding Support, the Department undertook various analytical tasks, such as statistical and economic modelling, to estimate the impact of possible changes to Australian Government support mechanisms for the film sector.

The Cultural Ministers Council (CMC) Creative Innovation Economy Roundtable gathered information from all member jurisdictions on the opportunities for the Australian and New Zealand creative

sectors in the digital environment, including the technical capability of cultural organisations, administrators and practitioners, for incorporation into a report to the CMC.

The Department commissioned two reports, an evaluation of the Maintenance of Indigenous Languages and Records program, and a review of the national Indigenous languages body, the Federation of Aboriginal and Torres Straits Languages, which contributed to the continuing development of a national Indigenous languages framework.

Effective budget management

The overall price of Output 1.1 was on track in 2006–07, with a slight decrease in revenue from other sources for Old Parliament House and the National Portrait Gallery (see figure 2.14).

Regular evaluation of the budget outcome is conducted by managers and commentary on variations between budget and expenditure is provided to, and discussed by, the Executive Management Group on a monthly basis. The commentary also includes forecasting of budget trends where possible.

Preservation of and access to Old Parliament House and National Portrait Gallery, and their respective collections

Planning for stage two of the Australian Prime Ministers Centre and the Gallery of Australian Democracy began in 2006–07. These are expected to open in 2009. These initiatives will deliver a comprehensive program of exhibitions, educational programs, research and scholarship initiatives and outreach activities, telling the story of Australia's parliamentary democracy and democratic traditions.

Planning and development of the National Portrait Gallery's new purpose-built building continued, with the Department of Finance and Administration having carriage of construction. The Prime Minister unveiled a plaque on the site of the new building on 9 August 2006 to mark the start of construction which has progressed well. Development of the necessary operational and administrative structure and initial exhibitions, education, visitor services and outreach programs for the new building are well underway. The new building is expected to open in December 2008.

Figure 2.14 Old Parliament House and National Portrait Gallery revenue from other sources

	2002–03 \$'000	2003–04 \$'000	2004–05 \$'000	2005–06 \$'000	2006–07 \$'000
Revenue budget	2443	2174	1456	1636	2875
Old Parliament House and National Portrait Gallery revenue actuals	4066	2410	1781	3560	3224

Collections appropriately developed and managed

The Old Parliament House collection consists primarily of items from the building's original furniture and fittings. The collection value at 30 June 2007 was estimated at \$4.3 million. Old Parliament House continued to develop its political and parliament-related collection, particularly in relation to the development of the Australian Prime Ministers Centre.

The Collections Development Policy was revised to include acquisition of a broader range of material related to Australia's democratic traditions and practices to support the Gallery of Australian Democracy project.

Major 2006–07 additions included:

- + a dispatch box used by Australia's first Prime Minister, Sir Edmund Barton
- + a portrait of Sir Robert Menzies by the artist Sir Ivor Hele
- + a landscape view of Old Parliament House by Sir William Ashton (painted 1927), from the collection of Sir Robert Menzies.

The Collections Management Policy was also revised. A major project undertaken during the year was the conservation of furniture in the House of Representatives and Senate Chambers in anticipation of greater use of the chambers once the Gallery of Australian Democracy is opened.

Significant additions to the National Portrait Gallery collection in 2006–07 included a:

- + gifted portrait of Mr Kym Bonython AC DFC AFC and a portrait of Mr Bonython's speedway cap
- + commissioned double portrait of Sir Charles Court AK KCMG OBE and the Hon Richard Court AC

- + commissioned portrait of General Peter Cosgrove AC MC
- + commissioned portrait of Lowitja O'Donoghue AC OBE
- + gifted work of Emeritus Professor Frank Fenner AC CMG MBE
- + portrait of Sir Alexander Campbell Onslow
- + gifted portrait of Sir Frank Packer KBE
- + gifted portrait of Sir James Gobbo AC CVO QC
- + bronze bust of Faith Bandler
- + gifted portrait of General Sir John Monash GCMG KCB
- + portrait of Her Excellency Marjorie Jackson Nelson AC CVO MBE
- + portrait of L Gordon Darling AC CMG.

During this reporting period the National Portrait Gallery's collection increased through 36 purchases, 46 gifted artworks and four commissioned works.

The National Portrait Gallery loaned seven works of art from the Gallery's collection during 2006–07 including:

- + *Peter Brock* by Julie Edger, to the National Capital Authority for the National Capital Exhibition (Regatta Point: 1 July 2006 – 30 June 2007)
- + two works by Janet Dawson—*Self Portrait* and *Summer 1986*—to the Bathurst Regional Art Gallery for the touring exhibition *Janet Dawson Survey* (30 November 2006 – 2 December 2007. Exhibition itinerary: Bathurst Regional Art Gallery: 30 November 2006 – 28 January 2007; Drill Hall Gallery, Australian National University: 22 February 2007 – 8 April 2007; S H Ervin Gallery: 30 April 2007 – 10 June 2007)

- + *Nick Cave* by Howard Arkley, to the National Gallery of Victoria (NGV) for the exhibition touring exhibition *Howard Arkley: the Retrospective* (17 November 2006 – 16 September 2007. Exhibition itinerary: The Ian Potter Centre NGV, 17 November 2006 – 25 February 2007; Art Gallery of New South Wales, 10 March – 6 May 2007)
- + *Portrait of Captain James Cook RN* by John Webber, to the National Museum of Australia for the exhibition *Cook's Pacific Encounters* (30 June – 10 September 2006)
- + *Martin Sharp* by Garry Shead, to Artspace Mackay for the touring exhibition *Fireworks* (18 March 2005 – 4 February 2007. Exhibition itinerary: Ballarat Fine Art Gallery 7 July – 3 September 2006; Mornington Peninsula Regional Gallery 3 October – 19 November 2006; University Art Museum, University of Queensland 24 November 2006 – 4 February 2007)
- + *Self portrait with gladioli* by George Lambert, to the National Gallery of Australia for the exhibition *George*

Lambert: Retrospective Exhibition (29 June – 16 September 2007).

The cumulative number of items in the National Portrait Gallery collection at 30 June 2007 was 1183 artworks with an assessed value of \$17.16 million (see figure 2.15).

At 30 June 2007 the Department's asset register listed gifts of 46 artworks valued at \$659 619 from 33 donors compared with 84 gifts valued at \$708 934 from 40 donors in 2005–06. Assets are managed in accordance with the Chief Executive's Instructions, including the registration of assets on purchase or gift and an annual stocktake.

Heritage building conserved appropriately and maintained

A new Heritage Management Plan was developed for Old Parliament House to meet obligations under the *Environment Protection and Biodiversity Conservation Act 1999*. The Plan is expected to be implemented by late 2007 following final approval by the Minister for Environment and Water Resources.

Refurbishment projects to extend the life of the building, and conservation

Figure 2.15 National Portrait Gallery—collection number of items and value at 30 June 2007

	Number of items *	Assessed value* (\$m)
2000–01	144 (47 gifts, 97 purchases & commissions)	6.76
2001–02	370 (193 gifts, 177 purchases & commissions)	9.48
2002–03	485 (291 gifts, 194 purchases & commissions)	10.39
2003–04	710 (446 gifts, 264 purchases & commissions)	12.01
2004–05	964 (657 gifts, 307 purchases & commissions)	12.89
2005–06	1097 (741 gifts, 356 purchases & commissions)	14.74
2006–07	1183 (787 gifts, 396 purchases & commissions)	17.16

* This is a cumulative total.

works to preserve its original fabric, continued at Old Parliament House. These activities were undertaken in accordance with the relevant legislation, works codes, standards and policies. A new five-year capital works plan of major refurbishment and restoration projects was developed, taking into account the projects for the Australian Prime Ministers Centre and Gallery of Australian Democracy initiatives.

Major refurbishments that were commenced or completed included the following.

- + Capital works for the development of stage one of the Australian Prime Ministers Centre on the Senate Wing portion of the main floor of OPH.
- + Refurbishment projects to conserve the 1940s portion of the House of Representatives Wing.
- + Planning for the removal of asbestos and refurbishment of the 1960s side of the House of Representatives Wing to facilitate the establishment of the Gallery of Australian Democracy and the second stage of the Australian Prime Ministers Centre.

Other projects for which preliminary planning took place in the year included the installation of a lift at the rear of the building, conservation of the Old Kitchen area and minor works in the Senate Wing

to accommodate tenants. These projects will proceed to the construction phase in 2007–08.

Major conservation initiatives included:

- + commencement of conservation of the House of Representatives and Senate Chambers, including implementation of the Human Impact Management program
- + completion of an Integrated Pest Management Plan.

Growing visitor/audience reach and visitor satisfaction for Old Parliament House and the National Portrait Gallery, both in Canberra and nationally

Total combined visitors for the main Old Parliament House site and Commonwealth Place (excluding café, function and restaurant visitors) were 203 965 compared with 220 293 in 2005–06 (see figure 2.17). This decrease is attributable to the very strong program in 2005–06 which included the very popular *Mrs Prime Minister, My Melancholy Duty* and *KYLIE* exhibitions. There was a four per cent fall in Old Parliament House and National Portrait Gallery visits at the main Old Parliament House site and a 24 per cent decrease at the National

Figure 2.16 Building conservation and refurbishment—expenditure

	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07
Total expenditure on relevant capital works	\$1.605m	\$2.991m	\$4.428m	\$3.629m	\$2.746m	\$2.874m
Total expenditure on relevant conservation works, including collection conservation	\$43 765	\$163 400	\$135 475	\$140 358	\$129 287	\$168 972

Portrait Gallery's Commonwealth Place site—an overall 7.5 per cent decrease in museum and exhibition patronage. However, this was offset by an increase of one per cent in patronage of the café, restaurant and functions facilities, resulting in only a 3.5 per cent overall decrease in visitations.

School student numbers have been on the rise, growing by 26 per cent over 2005–06 figures.

Strong patronage of café, restaurant and functions services was maintained during 2006–07 with 45 994 attending functions, 132 585 dining in the café and 10 768 visitors to the Ginger Room (see figure 2.18).

Exhibitions

Old Parliament House exhibitions in 2006–07 included:

- + *Mrs Prime Minister—Public Image, Private Lives* (24 February – 27 August 2006), which examined the public and private lives of the women who have been the spouses of Australian Prime Ministers. *Mrs Prime Minister* was particularly notable in that its overall attendance of 68 743 and daily record average of 369 was a new record for an Old Parliament House exhibition
- + *Alfred Deakin—the Voice of Federation* (28 June – 24 October 2006)

Figure 2.17 Visitors to Old Parliament House and National Portrait Gallery

	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07
Main Old Parliament House/National Portrait Gallery site	171 582	161 213	147 140	178 643	181 589	174 642
National Portrait Gallery Commonwealth Place		28 444 (Nov–June)	33 564	43 852	38 704	29 323
Total visitors	171 582	189 657	180 704	222 495	220 293	203 965

Figure 2.18 Functions, café and restaurant patrons

	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07
Café patrons	62 319	60 960	85 168	129 208	137 630	132 585
Function patrons	36 807	30 837	34 590	36 167	40 178	45 994
Ginger Room patrons			2 206 (March–June)	8 791	9 657	10 768
Total patrons	99 126	91 797	121 964	174 166	187 465	189 347

Case Study

Mrs Prime Minister attracts record visitor numbers to Old Parliament House

The major exhibition in 2006 for Old Parliament House was *Mrs Prime Minister*, which ran from 24 February to 27 August. The exhibition, curated by Old Parliament House staff, showcased the public and private lives of the 24 women who have been spouses of Australian Prime Ministers.

Designed around six core themes, the exhibition explored the many roles played by Prime Ministers' wives including those of social advocate, political partner, national hostess and media personality. The exhibition also investigated how, over time, individual women have changed the role of Prime Ministerial wife, and revealed the history of the Lodge. The exhibition featured more than 150 objects sourced from some 30 separate donors.

Mrs Prime Minister was launched by Mrs Janette Howard on 27 February 2006 with Margaret Whitlam, Lady McMahon and Sue Peters Hawke (daughter of Hazel Hawke) in attendance, along with members of the Menzies, Lyons, Holt and Gorton families.

Prime Minister's wives and families helped bring the exhibition to life by supplying personal objects and information, and some participating in the calendar of events and public programs that accompanied the exhibition. Events included lunchtime public talks by Tamie Fraser and Dame Pattie Menzies' daughter Heather Henderson. Associated programs included a *Seek & Find* activity for children and a *Mrs PM—Dress to Impress* room where visitors could try on replicas of dresses featured in the exhibition.

The exhibition and its accompanying programs and events were extremely successful, attracting large visitor numbers and generating extensive newspaper and television coverage.



Mrs Janette Howard, Lady Sonia McMahon and Mrs Margaret Whitlam at the opening of the *Mrs Prime Minister* exhibition at Old Parliament House. Photo courtesy of the Canberra Times.

A national profile was provided by a February 2006 cover story in the *Weekend Australian* magazine which focused on Mrs Howard and the surviving Prime Ministerial wives. Overall attendance was 68 743, a new record, making it the most successful exhibition to date.

The exhibition also worked to strengthen important stakeholder relationships between Old Parliament House and Prime Ministers' wives and their families.

- + *Destination Australia: Ports of Immigration* (14 September 2006 – 4 February 2007), an exhibition of migrant stories and experiences developed by the Immigration Museum, Melbourne
- + *In the line of duty: Policing Australia* (26 August 2006 – 21 May 2007), which looked at the role of policing in Australian life from 1788–2001 (59 000 visitors)
- + *Home Island, Home Country* (20 October 2006 – 21 January 2007), a show of children's art from the Torres Strait
- + *Campaign—Federal Elections* (15 February 2007 – 25 April 2007), a photographic exhibition of federal election campaigns
- + *Scarred and Strengthened: Australians in the Great Depression* (opened 17 May 2007), Old Parliament House's major in-house curated exhibition for 2007 covers the political, economic and social aspects of the depression
- + *Reconciliation: It's All About Us* (opened 27 May 2007), presented by Reconciliation Australia and sponsored by the National Australia Bank.
- + *Rennie Ellis: Aussies All* (Commonwealth Place. 21 April – 27 August 2006)
- + *Portraits for Posterity* (7 April – 9 July 2006) seen by 50 355 visitors
- + *Karin Catt: Famous* (21 July – 12 November 2006), seen by 57 429 visitors. This exhibition toured to the Newcastle Region Art Gallery, 25 November 2006 – 21 January 2007
- + *Flash: Australian Athletes in Focus* (21 July – 12 November 2006) displayed in the Senate Gallery after initially being exhibited in Melbourne and seen by some 57 500 visitors
- + *Headspace: Me and My Place* (9 September – 19 November 2006)
- + *Sam Haskins Portraits & Other Stories* (8 December – 29 April 2007)
- + *Truth and Likeness* (24 November 2006 – 9 April 2007) investigated the importance of likeness to contemporary portraits and was seen by 65 219 visitors
- + *George Foxhill: Self Portraits* (25 November 2006 – 8 April 2007) seen by some 65 000 visitors.

The exhibitions were accompanied by programs and activities aimed at attracting new and return visitors.

Highlight events for the year included major exhibition launches and a week of special events to celebrate the 80th anniversary of the opening of Old Parliament House in 1927.

National Portrait Gallery exhibitions in 2006–07 included:

- + *Australian Visit* (Frederiksborgmuseet, Denmark, 7 April – 31 July 2006) the Gallery's first international touring exhibition

Gallery exhibitions were enhanced by catalogues, gallery talks and adult and children's workshops, its student program and special events for the Gallery's Circle of Friends. Membership of the Circle of Friends reached 1221, up from 915 in the previous year.

Interpretation

Interpretive work at Old Parliament House during 2006–07 focused on preparation for forthcoming major projects, particularly the Australian Prime Ministers Centre and Gallery of Australian Democracy. A review of the presentation of the Prime Minister's Office Suite was undertaken to align

its interpretation with the exhibition component of the Australian Prime Ministers Centre. A review of the Main Floor of Old Parliament House was also carried out to prepare for changes to interpretation being generated by the Gallery of Australian Democracy.

The newly interpreted House of Representatives Press Galleries, opened to the general public in June 2006, received good levels of visitation and positive responses throughout 2006–07.

Education

Old Parliament House was visited by 56 864 school students in 2006–07, 11 752 more than the previous year. This increase can be partially attributed to the new Parliament and Civics Education Rebate (PACER) initiative. This measure, introduced from 1 July 2006 for three years, allows schools wishing to offset the cost of students' travel to the national capital to claim a rebate if they visit three major attractions, including Old Parliament House.

Old Parliament House developed a number of new education programs and resources in 2006–07. These included:

- + *Australian Democracy Alive*, an interactive education program for upper primary students which focuses on the objects, people and stories of Old Parliament House
- + A new education resource kit developed in response to requests from teachers, parents and students for information on the history of the House and the people in it. Produced in a fact sheet format with each page covering one topic, it is also available on the Old Parliament House website.

All students participate in a staff-facilitated program which complements state and national curriculum needs. Using the backdrop of the heritage

spaces, students role-play and explore the events, issues and people who have shaped Australia's political history.

In 2006–07 research was undertaken with teachers across Australia to assess expectations and needs in relation to the Gallery of Australian Democracy. The research also highlighted the positive response to existing programs and gave Old Parliament House clear priorities for future programs.

The National Portrait Gallery also operated a strong student education program including gallery talks and workshops with 11 609 primary, secondary and tertiary students participating in Gallery education programs. This compares favourably with 12 038 students in 2005–06 and 11 386 in 2004–05. The numbers of participants reflects the specialised nature of the programs offered by the National Portrait Gallery which include guided tours and hands-on activities. The National Portrait Gallery's education programs are expected to expand substantially in the new building when additional resources will be available.

Websites and online activity

Old Parliament House and the National Portrait Gallery have continued to maintain and update their websites. Visitation levels are at figures 2.19 and 2.20.

A redesign of the Old Parliament House website and a new online events calendar were implemented during the year. During the year Old Parliament House also began a strategic planning process for its online program. This will ultimately enhance the website by integrating digitised collections material, exhibition and public programs content. Over the past few years Old Parliament House has seen a significant increase in online

Figure 2.19 Old Parliament House—website statistics

	2002–03	2003–04	2004–05	2005–06	2006–07
Total visits	57 939	69 719	183 028	354 343	179 240
Change from previous year	Not available	+20%	+162%	+96%	–49%

Figure 2.20 National Portrait Gallery—website statistics

	2002–03	2003–04	2004–05	2005–06	2006–07
Total visits	50 000 approx	62 270	179 877	527 199	703 578
Change from previous year	Not available	+25%	+165%	+192%	+33.5%

visitation driven by exhibition-related and schools content. A reduction in new content on the web has reduced visitation in 2006–07 however this is expected to increase following the development of major online initiatives linked to the Gallery of Australian Democracy.

The National Portrait Gallery website was refurbished with developments in search functionality, the portrait archive and a media room. The successful project to enhance the content and functionality of the website resulted in the total amount of data sent to visitors to the site increasing dramatically from 4GB to 13.4GB per month over the course of 2006–07.

Media coverage

Old Parliament House and National Portrait Gallery exhibitions and activities continued to attract substantial positive media coverage. Old Parliament House generated 221 newspaper stories, 33 radio stories and 17 television stories in local and national media. The National Portrait Gallery generated 253 editorial articles, 17 television stories and wide

coverage through radio in local and national media, as well as *The Times* (London) and the BBC TV website. The Gallery published four editions of its award-winning *Portrait* magazine covering aspects of the Gallery's exhibitions, recent acquisitions and education programs.

Visitor and audience satisfaction

Old Parliament House did not carry out any formal audience satisfaction surveys during 2006–07 as a multi-faceted evaluation project is planned for 2007–08 as part of the Gallery of Australian Democracy initiatives. However visitor numbers in the year remained strong.

Awards

Old Parliament House received two highly commended awards from the Museums Australia Publication Design Awards 2007 under the multimedia category for the animated television advertisements for the *Mrs Prime Minister* exhibition and *Press Gallery* interpretation.

Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians

Outcome 2

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Outcome 2

Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians

Overview

What we do

The Department's role is to:

- + provide overarching policy advice to the Australian Government, especially on anti-doping, sport industry development and Indigenous sport and recreation
- + support the Australian Sports Commission and the Australian Sports Anti-Doping Authority
- + manage programs to encourage new anti-doping research, water and alpine safety, and participation in sport and recreation activities by Indigenous Australians
- + oversee funding for sporting infrastructure projects
- + oversee financial and other support for major sporting events.

What this chapter covers

This chapter reports on sport sector programs and outputs that the Department was funded to deliver in 2006–07 (see figure 2.21 for details). This chapter:

- + sets out the Department's annual financial and other targets, as published in the 2006–07 Portfolio Budget Statements (PBS) or amended in the Portfolio Additional Estimates Statements (PAES) and the Portfolio Supplementary Additional Estimates Statements (PSAES)
- + reports the Department's results in 2006–07, comparing them with previous years' results
- + discusses factors that may be affecting or are likely to affect the results
- + summarises progress against the indicators nominated for each output and program.

Performance information index

Figure 2.22

	PBS page reference	Annual Report reference
Outcome 2		
Development of a stronger an internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians	45	65
Administered items		
Water and Alpine Safety	45	67
Sport and Recreation Program (Anti-Doping)	45	67
Australian Government financial support for the development of sporting facilities	45	70
Indigenous Sport and Recreation Program	45	70
Departmental items		
Output 2.1		
Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector	45	73

Outcomes

The Australian sports sector is strong, reflecting the community's interest in elite performance by Australian athletes and in participating in sport as a healthy and enjoyable activity. Across the country, sport is generally administered on a 'sport runs sport' basis, with financial and other support being provided by governments at all levels.

The Australian Government's sport policy, *Building Australian Communities Through Sport*, reflects the Australian Government's commitment to:

- + building healthy and active communities through sport
- + encouraging greater numbers of Australians, particularly young people, to participate in community sport
- + ensuring Australian athletes have the benefit of a national sporting system that enables them to continue to perform successfully in international competition
- + ensuring Australia remains tough on drugs in sport
- + fostering excellence in sports management.

The Department provided advice on a diverse range of sports-related policy issues in 2006–07. These included domestic and international anti-doping initiatives, Indigenous sport and recreation, sport participation, high performance sport and sport industry development issues.

Australia continued to play a leading role in global efforts to combat doping in sport throughout 2006–07. The World Anti-Doping Agency convened two symposiums during the year and invited the Department to attend each and present our anti-doping body, the Australian Sports Anti-Doping Authority,

as a model for consideration by other countries.

In its *Play True* (issue 1 of 2007) publication, the World Anti-Doping Agency reported that 'Australia has... developed a revolutionary model that solidifies cooperation between the anti-doping authority and other government agencies... there is great interest in this new approach to the fight against doping and preliminary reports are promising'.

The Australian Government played a key role in the development of the UNESCO International Convention against Doping in Sport which came into force on 1 February 2007 and by 30 June 2007 had been ratified by 56 countries.

Through its support to the Australian Sports Anti-Doping Authority in 2006–07, the Department contributed to Australia's anti-doping framework and built public trust and confidence in Australia as a world leader in the fight against drugs and doping cheats in sport. In particular, assistance with legislative refinements and support for implementing new functions contributed to this achievement.

The Australian Government provided a further \$2.24 million to the Australian Sports Anti-Doping Authority to help it respond to its increased investigatory workload which arose from its new responsibilities.

During 2006–07 the Department revised Indigenous Sport and Recreation Program information and guidelines to make the program more accessible to Indigenous communities. The development of a multi-year memorandum of understanding between the Department and the Australian Sports Commission to deliver the Indigenous Sport Program will ensure greater stability and continuity of these important services to Indigenous communities.

The Department supports the Australian Sports Commission to deliver a national sporting system in which Australian athletes continue to perform successfully in international competition. This success generates national pride and encourages Australians to become involved in sport.

In 2006–07 the Department worked with the Australian Sports Commission to achieve greater participation in sport and physical activity to improve the overall health of the population and build strong local communities. For example, it is estimated that 88 per cent of children participating in the Active After-school Communities Program in the 2006 school year were from the target group of less active children. The Australian Government announced in the 2007–08 Budget that this very successful program would be extended to the end of the 2010 school year.

The Exercise, Recreation and Sport Survey is a joint Australian Government and state government initiative. The survey is conducted annually to collect data on the frequency, nature and type of activities undertaken by people aged 15 years and over for exercise, recreation and sport during the year before interview.

The Participation in Exercise, Recreation and Sport Survey 2006 Annual Report indicated that an estimated 10.9 million persons aged 15 years and over participated at least once per week in physical activity for exercise, recreation and sport (not including household or garden chores, or activities that were part of work), a participation rate of 66 per cent. This participation rate is lower than the 69 per cent reported in 2005, but higher than the 2001 rate of 62 per cent.

The participation rate dropped with higher frequency of involvement. An estimated 7.1 million persons aged 15 years and over exercised three or more times per week (42.8 per cent). This remains relatively steady compared with 44 per cent in 2005 and has increased from 37 per cent in 2001. A total of 5.6 million persons (34 per cent) either did not participate in any activity, or participated less than once per week.

The proportion of Australians participating in physical activity at least once per week who undertook such activity as part of sport organised by a club, association, fitness centre or other type of organisation fell from 41.8 per cent in 2005 to 38.3 per cent in 2006.

Administered items

Water and Alpine safety

Key initiatives undertaken

The Australian Government supports the four national recreation safety organisations, Surf Life Saving Society Australia, the Royal Life Saving Society Australia, AUSTSWIM and the Australian Ski Patrol Association, through the National Recreation Safety Program (water and alpine safety). Funding was provided in 2006–07 to deliver water and alpine safety programs and a number of high-priority projects (see figure 2.23). Through this support these organisations were able to reduce the number of aquatic and skiing accidents and deaths in Australia. The most recent

National Drowning Report reported that the drowning rate has decreased eight per cent from the five year average.

In addition, a one-off grant for the *Kids Alive Do the Five!* initiative developed an effective education module about water safety to help reduce the number of drownings especially for children under the age of five.

Sport and Recreation (Anti-Doping) Program

The Department administers the Sport and Recreation (Anti-Doping) Program which provides funding for Australia’s international anti-doping commitments and for new anti-doping research through the Anti-Doping Research Program.

Figure 2.23 Water and alpine safety—high-priority project funding

Projects
Surf Life Saving Society Australia (\$460 000)
Primary School Education Resource
SurfGuard Information Technology Development
Australian Coastal Public Safety Best Practice Guidelines
Community Education, Lifeguard and Risk Management Services Business Development
Royal Life Saving Society Australia (RLSSA) (\$460 000)
Remote Indigenous Pools Project
Continued Expansion of RLSSA Web and Training Resource Development Strategy
Aquatic Industry Engagement and Consultation Project
Everyone Can Be a Lifesaver—Community Lifesaving Project
Austswim (\$50 000)
Online Professional Development
Australian Ski Patrol Association (\$30 000)
Snow Safety Publications

Case Study

Support for research into human growth hormone doping

Australia is a world leader in the fight against drugs in sport. Encouraging new research into anti-doping through the Anti-Doping Research Program is one way in which the Australian Government is helping to eliminate doping in sport.

In June 2007 the Garvan Institute of Medical Research announced the results of a four-year collaborative research project into the effects and detection of human growth hormone doping. This research was jointly funded by the Australian Government through its Anti-Doping Research Program and by the World Anti-Doping Agency. The Garvan Institute led a consortium of Australian and Japanese researchers with Professor Ken Ho of the Garvan Institute as the principal investigator.

This research has taken the international sporting community one step closer to stamping out drug cheats. It was the first large-scale scientific study to look at the effects of human growth hormone on muscle mass and physical performance in athletes. The results show that human growth hormone does not increase muscle mass or improve endurance, strength or power performance, as it puts on more fluid than muscle. However, when taken with testosterone, human growth hormone does have an effect, increasing muscle mass and sprint power performance.

The research also evaluated promising new tests for human growth hormone. It found that athletes who cheat by using both growth hormone and testosterone are even more likely to be caught. These new tests can also detect sports dopers for weeks after they stop taking drugs. This has major implications for detecting human growth hormone abuse during no advance notice out-of-competition drug testing. These tests will complement and enhance existing tests.



Dr Anne Nelson and Professor Ken Ho of the Garvan Institute of Medical Research.

Contribution to international initiatives

The administration costs of the World Anti-Doping Agency are shared equally between governments and sport. Through an annual contribution, Australia supports the agency and the work it does to achieve harmonisation of the global anti-doping effort, including in the areas of education, research and the development of anti-doping programs. Australia's 2006 financial commitment to the World Anti-Doping Agency of \$320 046 was paid on time in December 2006.

Under the UNESCO International Convention against Doping in Sport, a voluntary fund has been established to help implement effective anti-doping programs, particularly in developing countries. Australia contributed \$50 000 to this fund in June 2007 to underpin its commitment to the development and implementation of robust anti-doping policies in those countries.

By administering these contributions, the Department helped to promote international cooperation on anti-doping in sport and ensure that Australia maintained a prominent role in the fight against doping in sport.

High-quality research

During 2006–07 the Department provided funding to academic and scientific organisations to undertake new anti-doping research. Six new projects were funded through the Anti-Doping Research Program (see figure 2.24 for details of the projects supported). This research will ultimately lead to increased detection of banned substances and doping agents and improved deterrence strategies. The case study on page 68 highlights the benefits of the Anti-Doping Research Program in supporting Australia's anti-doping regime.

Figure 2.24 Sport and Recreation (Anti-Doping) program—high-quality research

Priority research areas	Research details	2006–07 funding
Novel biotechnologies applied to sports doping control	+ Advanced steroid profiling for doping control	\$67 900
	+ Distinguishing between isoforms of human Chorionic Gonadotropin (hCG) in athletes	\$145 000
	+ The synthesis and certification of five reference materials for sports doping analysis	\$66 600
Methods to detect use of insulin	+ A generic method for the detection of insulin abuse in sports	\$123 000
Gene doping	+ Evaluation of approach for direct detection of gene doping using erythropoietin as a model system	\$80 750
Blood doping	+ Does exercise in hot environmental conditions impair detection of Erythropoietin (EPO) doping	\$127 358

During 2006–07 the Anti-Doping Research program was reviewed and the funding parameters changed so that it could better target research to meet the needs of anti-doping organisations and laboratories, and foster innovative research in the anti-doping field. The 2006–07 funding rounds incorporated program improvements to improve the application process and expand the scope of the research proposals received. In addition, the guidelines for the social science round outlined four specific projects consistent with agreed social science priorities. These initiatives resulted in a broader range and higher quality of applications for 2006–07 funding rounds.

Australian Government financial support for the development of sporting facilities

High-quality administration of financial assistance

During 2006–07 the Department helped develop a stronger sports sector and provided opportunities for Australians to participate in sport and recreation activities, by administering funding to state and local government authorities and national and community sporting and recreational groups for facility upgrades and improvements.

In addition to implementing projects previously committed to by the Australian Government, in May 2007, the Australian Government announced the following one-off grants for the development of sporting facilities:

- + \$10 million to the Melbourne Cricket Club for stage two of the National Sports Museum

- + \$700 000 to Lithgow City Council to construct an integrated sports and aquatic centre
- + \$200 000 to Bathurst Regional Council to install lighting on two football fields
- + \$5000 to Springwood District Athletics Club to redevelop a local sporting field.

Indigenous Sport and Recreation Program

High-quality program funding and grant administration

Sport and physical recreation is an important feature of community life and plays a central role in improving the health and physical wellbeing of Indigenous Australians. In 2006–07 the Department supported community-based activities that allowed more Indigenous Australians to participate in sport and physical recreation activities.

There continued to be strong demand from Indigenous community organisations for funding to support locally based sport and recreation projects, including camps, carnivals and local projects, and to develop skills to manage sport and recreation facilities. The case study on the following page demonstrates how such funding encourages physical activity and leads to positive health and education outcomes.

The Department contributed to 17 agreements with Indigenous communities under which funding was provided to address identified community needs. This included funding for sport and recreation opportunities in exchange for commitments from the communities to meet specified obligations.

Case Study

Support for the AFL Kickstart program

The AFL Kickstart program was developed in 1997 by the Australian Football League (AFL) to use Australian football to promote healthy lifestyles in remote communities.

In 2006–07, the AFL Cape York received funds through the Indigenous Sport and Recreation Program to contribute to the running of the AFL Kickstart program in Cape York, surrounding remote communities and in the Cairns district. This project reached approximately 6000 participants in these localities.

Indigenous communities provide full community support for the program. Program participation is tied to school attendance and avoiding any involvement in anti-social behaviour. The program actively encourages the involvement of each Indigenous community to promote positive role models and improved health and education outcomes.

With the assistance of Indigenous Sport and Recreation Program funding, AFL Cape York has been able to develop an extensive sporting pathway for boys and girls from the ages of five to 18 years. This pathway progresses from an introduction to AFL through the National Auskick Program, further skills development through community camps, and on to potential selection in representative teams which compete at Queensland country, state and national carnivals and championships.

The educational and sporting opportunities are enhanced through scholarships offered by AFL Cape York under the Kickstart program. These scholarships



The Under 12 Crusaders who competed at the Queensland State Primary School Championships.

target children who have demonstrated a positive attitude in all areas of the program, as well as having sporting potential. Over the past six years more than 20 individuals from Cape York, Gulf Savannah and Torres Strait have benefited from the scholarship program with excellent outcomes.

AFL Cape York exemplifies a holistic approach to community development and support for the youth of the communities for which it services.

There was improved coordination in the promotion of physical activity and more opportunities for Indigenous Australians to compete in elite sport competition through the Indigenous Sport and Recreation Program. Funding of \$2.33 million was provided to the Australian Sports Commission to support:

- + a national network of 28 Indigenous sport development officers to work with Indigenous communities and relevant government agencies to promote sport and physical recreation activity at the regional and local level (\$1.73 million)
- + 655 Indigenous sportspeople to attend national and international sporting competitions by providing travel and accommodation assistance under the Elite Indigenous Travel and Accommodation Assistance Program (\$0.6 million).

While the number of sportspeople receiving support through the Elite Indigenous Travel and Accommodation Assistance Program fell 20 per cent in 2006–07 from the previous year, the level of support in 2005–06 was high due to the number of key quadrennial events held in the year.

Output 2.1

Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector

High quality program administration

The Department administered funding under the National Recreation Safety Program during 2006–07 which included:

- + \$4.12 million to the four national recreation safety organisations to support their administration and help deliver water and snow safety programs
- + a further \$1 million to national recreation safety organisations for 10 high-priority projects
- + \$450 000 to Surf Life Saving Society Australia as part of the Australian Government's four-year, \$1.5 million commitment to support a range of activities to celebrate the centenary year of surf lifesaving in Australia in 2007
- + \$330 000 for the *Kids Alive Do the Five!* initiative.

All organisations receiving funding met the required performance indicators and payments were acquitted within the specified timeframes. During 2006–07 the Department also implemented program administration improvements to streamline the grant process.

Payments totalling \$610 608 were made to six Anti-Doping Research Program grant recipients during 2006–07, compared with \$523 722 to funding recipients in 2005–06.

The Department convened one meeting of the Anti-Doping Research Panel and administered grants provided under the Anti-Doping Research Program in 2004–05 and 2005–06.

A number of grant recipients did not meet project report timeframes in 2006–07 and administrative improvements have been made so that we receive earlier advice of possible delays in meeting project milestones.

In 2006–07, the Department made further payments of \$8.5 million towards existing sport and recreation facility commitments including:

- + \$4.75 million for the redevelopment of Whitten Oval in Melbourne
- + \$2.9 million for the redevelopment of Kogarah Oval in Sydney
- + \$666 667 for the redevelopment of Kardinia Park in Geelong
- + \$140 000 for two community sport and recreation facilities in Tasmania.

The Department continued to manage 18 projects that were funded in 2004–05 and 2005–06 and acquitted a further 11 sport and recreation facility commitments. It also negotiated and finalised funding agreements for four new projects announced by the Australian Government in May 2007.

In 2006–07, funding of \$12.16 million was approved under the Indigenous Sport and Recreation Program to support the annual funding round for the program, shared responsibility and regional partnership agreements and the Australian Sports Commission's Indigenous Sport Program.

The 2006–07 funding round was highly competitive and 320 applications for Indigenous community sport and recreation projects were received. Of these, 148 community-based sport and physical recreation projects were approved in total worth \$9.29 million. Seven of these projects did not proceed. Grant recipients were required to report on the performance of projects by 30 September 2007.

In 2006–07, 16 Shared Responsibility Agreements for arrangements between Indigenous communities, governments and other partners and one regional partnership agreement tailoring government interventions across a region were approved totalling \$563 852. The value of these agreements was almost \$400 000 higher than in 2005–06. Of these, 14 agreements were implemented in 2006–07.

Funding of \$2.33 million was provided to the Australian Sports Commission to deliver the Indigenous Sport Program under a multi-year memorandum of understanding.

During the second half of 2006–07, 242 applications were received and assessed for funding under the 2007–08 Indigenous Sport and Recreation Program annual funding round. In June 2007 the Minister for the Arts and Sport, Senator the Hon George Brandis SC, approved funding for 134 projects totalling \$9.41 million.

The Department administered Australian Government financial support of \$650 000 for the 2007 World Police and Fire Games held in Adelaide in March 2007. This support contributed to the success of the games and was primarily used to support the games volunteer program. All required performance indicators were met and payments were made on time.

High-quality and timely policy advice and ministerial services

The Department provides policy advice and support for the Minister across the range of sport issues.

Figure 2.25 shows the type of advice provided to ministers within agreed timeframes over the period 2004–05 to 2006–07. It indicates that the number of minutes, meeting briefs and Question Time Briefs prepared on sport issues fell significantly in 2006–07 compared to the previous year. The timeliness with which this information was prepared was similar to that achieved in 2005–06 and higher than the level of compliance in 2004–05.

The level of sport-related ministerial correspondence handled by the Department this financial year fell significantly from the level recorded in 2005–06 to be on a par with that of 2004–05. There was a reduction in the compliance rate and processes have been implemented to ensure that this issue is addressed.

In 2006–07 the Department contributed to the Australian Government's consideration of a range of sport-related issues, including:

- + the extension of the Australian Government's Active After-school Communities Program for a further three school years from 2008 as announced in the 2007–08 Budget
- + discussions on illicit drugs in sport
- + statutory appointments to the Australian Sports Commission, Australian Sports Foundation, Australian Sports Anti-Doping Authority and the Australian Sports Drug Medical Advisory Committee.

The Department supported the participation of the Minister for Communications, Information Technology

and the Arts, Senator the Hon Helen Coonan, and the Minister for the Arts and Sport, Senator the Hon George Brandis SC, on the Healthy Living Ministerial Taskforce. The taskforce provides policy advice to the Australian Government ensuring a whole-of-government approach to addressing obesity.

The Department also coordinated the Australian Government's involvement in the Sport and Recreation Ministers Council and the Standing Committee on Recreation and Sport.

In 2006–07 the Department began a review of the *Australian Sports Commission Act 1989*. The review is assessing the effectiveness of the Act in enabling the Australian Sports Commission to facilitate the development of sport, both in relation to improving the performance of elite athletes and in encouraging greater participation at a community level.

The Department initiated a public consultation process on 5 May 2007 with a national call for submissions from the public and the release of an issues paper

to help interested parties to prepare their submissions. The Department also notified national sporting organisations of the review. The review is expected to be finalised in 2007–08.

Following a six month inquiry, the Senate Environment, Communications, Information Technology and the Arts References Committee presented a report, *About Time! Women in sport and recreation in Australia*, to the Senate on 6 September 2006. The Department prepared a draft response, in consultation with other agencies, for consideration by the Australian Government.

The Department began a review of the progress of the sport and leisure industry strategic national plan, *Game Plan 2006* in 2006–07. Following an open tender process, Deloitte was selected to undertake the consultancy for the review, with the Department, Austrade and the Department of Industry, Tourism and Resources overseeing the project. Deloitte presented its report in April 2007. The Department is consulting with key stakeholders, including the sport

Figure 2.25 Advice provided within agreed timeframes

Type of advice	2004–05 (end of year)		2005–06 (end of year)		2006–07 (end of year)	
	Number	% on time	Number	% on time	Number	% on time
Ministerial Correspondence	122	78	185	79	128	68
Briefings						
+ Minutes initiated in DCITA	218		233		152	
+ Meeting Briefs	70	72	149	90	62	88
Question Time Briefs	69	58	81	69	49	72
Parliamentary Questions on Notice	4	25	3	33	2	50

and leisure industry, on the outcomes of the review.

During 2006–07 the Department, together with IP Australia, instigated an evaluation of the effectiveness of the legislation put in place to protect indicia and images associated with the 2000 Sydney Olympic Games and the 2006 Melbourne Commonwealth Games. Frontier Economics was contracted to conduct the review, assisted by the Intellectual Property Research Institute of Australia.

Highly effective contribution to, and coordination of, international anti-doping initiatives

The World Anti-Doping Code provides the framework for harmonised anti-doping policies, rules, and regulations within sporting organisations and among public authorities. The Department helped develop the Australian Government position on revisions to the code as part of the World Anti-Doping Agency review process. The code review is a major international exercise enabling the world's sporting movement to review and enhance the collective fight against drugs in sport.

The Department, in conjunction with the Australian Anti-Doping Sports Authority, organised three stakeholder forums in 2006–07 to discuss proposed revisions to the World Anti-Doping Code.

The Department also hosted two forums to inform Australian stakeholders about the code review process. These forums were addressed by Mr David Howman, Director-General of the World Anti-Doping Agency. His attendance provided an opportunity for Australian stakeholders to raise issues arising from

the code review directly with the World Anti-Doping Agency.

The code review process will culminate at the Third World Conference in Sport, to be held in Madrid in November 2007, with the presentation of the revised code for approval. Draft versions of the revised code state that amendments are to be implemented by signatories before 31 December 2008.

The Australian Government formally accepts the World Anti-Doping Code through the UNESCO International Convention against Doping in Sport which came into force on 1 February 2007. The Department represented the Australian Government at the first Conference of Parties, held in Paris from 5 to 7 February 2007. The Conference of Parties agreed to a number of initiatives to promote the convention, monitor compliance by signatories and assist less developed nations to develop anti-doping measures.

The Department coordinated the technical expertise and resources of the Australian Sports Anti-Doping Authority and Australian Sports Commission to assist the Minister for the Arts and Sport, Senator the Hon George Brandis SC, to develop the Australian Government's position on the World Anti-Doping Agency's draft 2007 List of Prohibited Substances and Methods. Through this work, the Australian Government was able to successfully argue against the inclusion of hypoxic chambers on the 2007 list.

The Australian Government also contributed to the review of the World Anti-Doping Agency's International Standard for Laboratories and to proposed changes to the statutes of the World Anti-Doping Agency Foundation Board.

Effective client satisfaction and consultation

The Department undertook a client satisfaction survey of 95 clients liaising with the Department on sport-related matters across a range of policy and program activities. Responses showed that 93 per cent were satisfied with the services provided by the Department.

Respondents were asked to comment on the extent to which the Department was achieving its objectives across its main areas of responsibility. In achieving policy advice, program management and agency support for the sports sector, 87 per cent of the 309 clients who responded on this issue were satisfied with the Department's effectiveness. In encouraging greater participation in sport by all Australians, 86 per cent of the 283 respondents were satisfied with the Department's effectiveness, an increase of two per cent from the previous year.

Compliance with accountability standards

Throughout the year, the Department provided formal and informal advice to portfolio agencies on matters pertaining to compliance with better practice, corporate governance arrangements and meeting accountability obligations.

There were no internal or external audits of sport programs in 2006–07.

Effective budget management

As identified in figure 2.21 on page 63, the overall cost of Output 2.1 in 2006–07 was below budget, with actual administered expenses \$25.4 million below budget estimates. Of this amount, \$9.7 million has been rephased to 2007–08.

Of the remaining variation, \$8.9 million originally allocated under the Federation Fund to support the relocation of sports shooting groups from the ANZAC Rifle Range on Malabar Headland was not required following the Australian Government's decision to allow shooting groups to continue to use the Malabar facilities. A further \$5.7 million resulted from several sporting facility projects, for which pre-payments were made in previous financial years, not progressing as scheduled. This prevented the projects from being expensed in 2006–07 as forecast.

The other significant item of variance against budget was the Sport and Recreation (Anti-Doping) Program. Within this program, payments for anti-doping research were delayed due to the time taken by applicants to sign funding agreements and the need to fulfil Australian Government requirements under the Financial Management and Accountability Regulations 1997. This resulted in considerable time lags between considering anti-doping research proposals and commencing research activity. Administration of the program has been reviewed and changes have been implemented to reduce such delays in the future.

Managers conduct regular evaluations of budget outcomes, and commentary on variations between budget and expenditure is provided to the Executive Management Group on a monthly basis. The commentary also includes forecasting of budget trends where possible.

Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians and an internationally competitive information economy and information and communications technology (ICT) industry

Outcome 3

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Outcome 3

Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians and an internationally competitive information economy and information and communications technology (ICT) industry

Overview

What we do

The Department contributes to Outcome 3 by providing strategic advice on policies and regulatory frameworks and by developing and administering relevant programs. The Department's role is to:

- + develop and maintain regulatory frameworks that are responsive to changing market environments in the communications, media, online and postal sectors
- + implement programs to improve service levels in regional and remote areas
- + facilitate innovation, develop and implement new technologies, applications and services and promote access to those technologies, applications and services on a sustainable basis
- + strategically advance Australia's interests in international forums.

What this chapter covers

This chapter reports on communication and information technology sector programs and outputs that the Department was funded to deliver in 2006–07. This chapter:

- + sets out the Department's annual financial and other targets, as published in 2006–07 Portfolio Budget Statements (PBS) or amended in the Portfolio Additional Estimates Statements (PAES) and the Portfolio Supplementary Additional Estimates Statements (PSAES)
- + reports the Department's results in 2006–07 comparing them with previous years' results where applicable
- + discusses factors that may be affecting or are likely to affect the results
- + summarises the Department's progress against indicators nominated for each output and program.

Performance information index

Figure 2.27

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Outcomes

Competitively priced and reasonably accessible telecommunications services

Australia Connected

A key focus of the Department's work throughout 2006–07 was the development of policies and programs to improve access to broadband services. On 18 June 2007, the Australian Government announced Australia Connected, a comprehensive broadband solution for Australia that involves:

- + a new national high speed wholesale network for rural and regional areas
- + a new commercial fibre optic network in cities and larger regional centres
- + the Australian Broadband Guarantee which ensures access to a broadband subsidy for Australians in the most remote areas
- + the creation of BroadbandNow, a one-stop consumer help centre
- + the preservation of the \$2 billion Communications Fund.

The awarding of a \$600 million competitive grant to OPEL, a joint venture between Optus and rural group Elders, will deliver a mix of fibre optic, ADSL2+ and wireless broadband platforms to rural and regional areas. The Government expanded this roll-out with an additional \$358 million in funding to ensure coverage to 99 per cent of premises in Australia.

The new fibre optic network in cities and larger regional centres will be established following a competitive bids process and subsequent enabling legislation. An expert taskforce was established to develop guidelines for the

competitive bids process in consultation with industry. The taskforce is chaired by Ms Patricia Scott, Secretary of the Department, with the other members comprising Treasury Secretary Dr Ken Henry, the Department of the Prime Minister and Cabinet Deputy Secretary Ms Jenny Goddard, telecommunications regulatory expert Mr Tony Shaw, Australian Competition Tribunal member Mr Rod Shogren, Australian Competition and Consumer Commission (ACCC) executive Mr Joe Dimasi and business leaders Mr Len Bleasel AM and Mr Dick Warburton AO.

The Australian Broadband Guarantee is a safety net that entitles Australians living in the most remote or difficult to reach areas (the remaining one per cent of Australian premises) to a broadband subsidy of up to \$2750 per household.

BroadbandNow is a new one-stop consumer help centre with telephone and online information to help consumers understand the technology options available to them. It began operating on 2 July 2007.

The Communications Fund was established by the Australian Government in 2005 to provide a guaranteed income stream to fund telecommunications infrastructure for regional communities. Such infrastructure includes additional mobile towers, broadband provision and backhaul fibre capabilities. In June 2007 the Australian Government introduced amendments to the *Telecommunications (Consumer Protection and Service Standards) Act 1999* to secure the \$2 billion principal investment to generate income into the future.

The take-up of broadband services across Australia continued to rise in 2006–07. According to the Australian Bureau of Statistics, there were 4.3 million broadband subscribers in Australia by

March 2007, a growth mainly driven by householders. Growth was particularly pronounced for high-speed broadband services, with services with download speeds of 1.5 Mbps or greater increasing 43 per cent from 1.09 million in September 2006 to 1.56 million in March 2007.

Connect Australia

The Department continued to provide advice to the Australian Government on the development and implementation of the Connect Australia programs in 2006–07. The programs were established following the Australian Government's August 2005 announcement of \$1.1 billion to improve telecommunications in regional, rural and remote Australia.

The Connect Australia programs are Broadband Connect, Clever Networks, Mobile Connect and Backing Indigenous Ability. Details about the outcomes for each of these programs are set out in the administered items for Outcome 3.

Regional

Regional Telecommunications Consumer Information Campaign

The Regional Telecommunications Consumer Information Campaign: Pointing you in the right direction is a \$5.9 million information campaign to improve regional consumers' knowledge of their telecommunications safeguards and Australian Government telecommunications initiatives for regional Australia.

A booklet was delivered to 3.1 million regional premises in May and June 2007 following a three-week television and print advertising campaign. The booklet contained information about telecommunications safeguards and what

steps consumers needed to take if they had a problem.

A regional briefing with key stakeholders and interested consumers was held in Wodonga on 17 April 2007 with further briefings in regional areas scheduled across Australia for 2007–08.

Transition from CDMA to Next G

In early 2006, the Minister for Communications, Information Technology and the Arts, Senator the Hon Helen Coonan established a working group to ensure a smooth transition from Telstra's CDMA network to its new Next G network. The working group includes representatives from Telstra, the Department and the Australian Communications and Media Authority (ACMA).

In 2006–07, the working group examined a number of key issues relating to the transition from CDMA to Next G including Telstra's customer engagement and information provision strategy, transitional customer issues such as handsets, data services issues, external stakeholder information strategy and audits of coverage.

As a key step in the transition, the Minister announced that ACMA would conduct a series of independent audits of the existing coverage of Telstra's CDMA network compared with its new Next G network. The coverage audits are assessing voice coverage at a selection of sites in all states and the Northern Territory.

Testing of the existing CDMA coverage was conducted during 2006–07. Testing of the Next G network will follow later in 2007 depending on rollout progress.

Broadband Blueprint

On 7 December 2006, Minister Coonan released a *Broadband Blueprint* to provide a national framework for the future of broadband in Australia. The Blueprint recognises that all levels of government must take responsibility for facilitating broadband delivery.

The *Broadband Blueprint* supersedes the earlier National Broadband Strategy. It was developed in consultation with state, territory and local governments through the Online and Communications Council (OCC) and an expert industry reference group appointed by the Minister.

The *Broadband Blueprint* sets out the essential elements of the broadband market and details a forward strategy to encourage their development. It identifies a range of actions to be undertaken by governments including mapping backhaul and providing guidance to local councils/ planning authorities.

A new working group, the National Broadband Development Group, has been established under the auspices of the OCC. This group has strategic coordination responsibilities in relation to the *Broadband Blueprint*. It includes representation from all tiers of government, industry and telecommunications users and the key sectors of health, education and regional services.

Sale of Telstra

During 2006–07, the Department participated in the due diligence exercise preceding the sale of the remainder of the Commonwealth's stake in Telstra. All due diligence processes and requirements were completed to a high standard, helping to ensure a smooth sale process.

The Department prepared a legislative instrument to enable the Minister to declare 24 November 2006 to be the 'designated day', the first day a majority of voting shares in Telstra were held by persons other than the Commonwealth. On this day, Telstra ceased to be a Commonwealth controlled company and transitional employment and superannuation arrangements took effect.

The Department also prepared a legislative instrument to enable the Minister to declare 28 February 2007 to be the '85 per cent sale day', the first day the Commonwealth's shareholding in Telstra fell below 15 per cent. On this day, the Minister's power to direct Telstra and Telstra's special reporting obligations ceased to exist.

Regulatory issues

Universal Service Obligation review

On 27 June 2007, the Minister announced the review of the Universal Service Obligation. The Universal Service Obligation ensures that all people in Australia, regardless of where they live or work, have reasonable access to basic telecommunications services. The Universal Service Obligation review will examine the most effective way to deliver universal service to consumers.

Red tape reduction

On 16 August 2006, the Minister announced a review of telecommunications regulatory reporting to identify opportunities to streamline reporting and remove redundant or unnecessary industry reporting requirements.

The review was in response to recommendation 4.46 of the Taskforce on Reducing Regulatory Burdens on Business (the Banks Report). As part of

the review, the Minister asked the ACCC and ACMA to report on opportunities to rationalise and reduce industry reporting requirements.

On 27 June 2007, the Minister announced a range of cuts to regulatory red tape including substantial reductions in accounting separation reporting requirements and the abolition of the Digital Data Service Obligation and industry reporting on overhead cabling.

During the review, the ACCC and ACMA also streamlined a number of reporting requirements on industry. For example, ACMA streamlined industry performance reporting requirements under section 105 of the *Telecommunications Act 1997* and reporting on the Network Reliability Framework, and the ACCC terminated record-keeping rules on internet peering.

The ACCC and ACMA have also agreed to share information and thereby reduce the reporting impost on industry. In 2007, they produced a joint state of infrastructure report based on their pooled information. The *Trade Practices Act 1974* has been amended to allow the ACCC to share information with other agencies, and complementary changes to the *Australian Communications and Media Authority Act 2005* have been introduced in the Parliament. These changes will improve information sharing and further reduce regulatory reporting burdens.

Other regulatory issues

The Department prepared draft amendments to Telstra's licence condition to strengthen the Network Reliability Framework and improve fault prevention and remediation arrangements particularly in regional, rural and remote Australia. The Minister made the amendments on 1 October 2006.

The Department also prepared a ministerial direction to ACMA to amend the Customer Service Guarantee to limit the ability of companies to claim exemptions for mass service disruptions, increase compensation payable and clarify what constitutes a reasonable offer of an interim or alternative service. The Minister gave the direction on 7 July 2006.

The full implementation of operational separation legislation designed to reinforce competition through promoting the principles of transparency and equivalence in relation to the supply of certain wholesale services by Telstra occurred in 2006–07. Ongoing monitoring of Telstra's operational separation commitments has been a priority for the Department.

Do Not Call Register

Following passage of the *Do Not Call Register Act 2006* in June 2006, the Department provided further policy advice on telemarketing issues and advice on implementation issues to ACMA. ACMA has primary responsibility for administering the scheme. The Do Not Call Register was launched by the Minister on 3 May 2007 and began on 31 May 2007.

The Department also prepared the Do Not Call Register Regulations 2006 which specify that certain types of customer service calls determined by the Australian Government are not telemarketing calls and therefore not subject to the requirements of the Act.

Integrated Public Number Database (IPND) Scheme

The *Telecommunications Act 1997* was amended in response to concerns that customer information contained in the Integrated Public Number Database (IPND) was being used for inappropriate purposes such as the compilation of marketing databases and debt collection. The amendments tighten access to customers' personal information where it is used to publish telephone directories, and permits its use in limited public interest research.

The IPND contains all residential and business phone numbers, both listed and unlisted, and associated customer information including name and address information. The amendments balance the privacy needs of telecommunications customers with the need to access and use IPND information for some public interest research purposes, such as health and medical research, electoral matters and research conducted by or on behalf of the Commonwealth.

The amendments also gave ACMA a key gatekeeper role in authorising access to information in the IPND for telephone directory producers and researchers. ACMA now has powers to undertake greater scrutiny of existing IPND data users and those seeking to access IPND information in the future. The IPND Scheme came into operation on 15 May 2007.

Under the IPND Scheme, ACMA is able to place conditions on authorisations and enforce compliance by issuing formal warnings and remedial directions. The amendments also introduced new criminal offences and penalties for unauthorised disclosure and use of information in the database and breaches of authorisations.

International

At the International Telecommunication Union (ITU) Plenipotentiary Conference held in Turkey in November 2006, the Department led a delegation to influence decisions on issues such as the participation of the private sector, the priorities for the radiocommunication, standardisation and development sectors of the ITU, and the organisation's strategic direction over the next four years. Australia was also successfully re-elected to the ITU Council.

Through Australia's position on the Council, the Department has sought to improve the ITU's financial management and accountability. The Department has also sought to establish a constructive role for the ITU in internet development after the United Nation's World Summit on the Information Society. The Department has also influenced decisions on the equitable treatment of satellite issues.

The Asia-Pacific Telecommunity is a regional communications development and cooperation organisation established by treaty. The Department led a delegation to its Management Committee in September 2006 and influenced a range of organisational improvements to ensure greater accountability and a clearer planning and reporting framework.

Successful bilateral policy dialogues were conducted with a range of governments including those from China (Ministry of Information Industries, Beijing, Shanghai Telecommunications Bureau and other Chinese provincial offices), Japan (e-commerce and telecommunications and information economy issues), and New Zealand and Thailand (e-commerce).

Governmental Advisory Committee of the Internet Corporation for Assigned Names and Numbers (ICANN)

ICANN is the not-for-profit organisation responsible for the management of the naming and numbering systems which underpin the stable operation of the internet. The Governmental Advisory Committee is the platform by which governments provide advice and guidance to ICANN regarding the public policy issues associated with the technical operation of the internet. The Committee consists of officials from more than 100 national governments and international organisations.

Departmental officers participated in several Governmental Advisory Committee and ICANN meetings in 2006–07. Australia took the lead role in developing a set of principles adopted by the Committee regarding the purpose, access and use of the database for generic top level domains. The Committee also adopted a set of principles which provide the ICANN board with government priorities for the introduction, delegation and operation of new generic top level domains.

The Committee also considered ICANN's global IPv6 allocation policies. IPv6 is a network protocol designed for use on the internet. The Committee continued to monitor developments and exchange views on IPv6 deployment, considered a range of issues associated with the security and stability of the internet, and continued its consideration of Internationalized Domain Names (the use of non-Latin script). The Committee presented its views to ICANN on an application to establish the .xxx domain. Australia strongly opposed the proposal and the Minister wrote to the Chair of ICANN outlining the Australian Government's objections.

Competitively priced and reasonably accessible postal services

The Department oversees the operations of Australia Post, a Government Business Enterprise, jointly with the Department of Finance and Administration. During 2006–07, the Department provided advice to the Minister on corporate and governance issues such as the corporate plan and financial results. It provided advice on a range of postal regulatory issues such as the carriage of firearms in the mail, location of street posting boxes and the delivery of unaddressed mail. The Department also arranged joint advertising with the Distribution Standards Board to raise community awareness of the processes for dealing with unwanted unaddressed mail.

In 2006–07, the Department prepared legislative amendments to the *Australian Postal Corporation Act 1989* relating to the introduction of interstate quarantine arrangements and improved coordination between Australia Post and the Australian Customs Service, the Australian Quarantine Inspection Service and consumer protection agencies. This Bill was introduced into the Parliament on 20 June 2007.

The postal services market remained sound in 2006–07. Australia Post continued to make a significant contribution with solid growth in its parcels and logistics services, but it faces increasing pressure on its letter services, in part due to electronic substitution.

The Australian Government's objective is to create a framework for postal services that will contribute to economic growth, provide benefits to the users of postal services and make those services reasonably accessible. To help achieve this, the postal sector is open to full

competition with the exception of some services that are reserved to Australia Post (standard letters of 250g or less, or costing less than four times the standard letter rate). The Department provided advice on two reports by the ACCC that found that there was no cross subsidy between the reserved services provided by Australia Post and its services provided in full competition.

Australia Post is required to provide a letter service that is reasonably accessible to all Australians and a standard letter service at a single rate throughout Australia. Australia Post is also required to meet minimum performance standards relating to the frequency of mail delivery, the number of street posting boxes and the number and broad distribution of postal outlets. In 2006–07, the Department worked with Australia Post to ensure that accurate geospatial information about the location of street posting boxes was published on the Australia Post website.

The Postal Industry Ombudsman, established within the office of the Commonwealth Ombudsman to investigate consumer complaints about postal services, began operation on 6 October 2006. By 30 June 2007, the Ombudsman had received 1017 approaches, conducted 290 investigations and recorded 11 findings of an administrative deficiency.

Accessible and high-quality broadcasting services

Media reform

On 18 October 2006, the Parliament passed legislation to implement the Government's media reform package. The reform package is wide-ranging and will deliver a number of benefits to

consumers—it will help drive Australia's transition to digital television, deliver new digital services for consumers and enable Australia's media industry to take advantage of the new opportunities offered by emerging technologies. While the reforms may allow current media operators to achieve efficiencies of scale and scope, they also include safeguards to ensure Australia retains a diverse and vibrant media sector.

The key elements of the reform package are:

- + removal of the restrictions on the types of programming which can be shown on ABC and SBS multichannels, giving greater flexibility in the type of programs shown on the new digital channels
- + allowing commercial free-to-air television stations to provide a high definition multichannel from 1 January 2007 by removing the simulcast requirement on high definition television programming
- + permitting commercial free-to-air television stations to broadcast a standard definition multichannel from 1 January 2009 and allowing full multichannelling no later than the time of digital switchover
- + allocating two currently reserved digital channels for new digital services such as mobile television or new free-to-air in-home services
- + reforming the anti-siphoning scheme by introducing a 'use it or lose it' system for sporting events on the list from 1 January 2007
- + relaxing the cross media ownership restrictions to allow cross media transactions to proceed subject to a range of significant safeguards to protect diversity and local content
- + removing existing foreign ownership restrictions from 4 April 2007,

but retaining the media industry as a 'sensitive sector' under the Australian Government's Foreign Investment Policy

- + giving ACMA a range of new powers to regulate broadcasting including the power to seek civil penalties and injunctions and to accept enforceable undertakings from broadcasters.

Measures have also been included in the package to protect local content in regional markets. Existing licence conditions which require minimum levels of local content on regional commercial television in regional New South Wales, Queensland and Victoria have been formalised by legislation, and will be extended to Tasmania. Regional commercial radio licensees will be required to broadcast a minimum level of material of local significance between 6:00 am and 6:00 pm Monday to Friday (excluding public holidays) from 1 January 2008. Regional commercial radio licensees, whose licence has undergone a 'trigger event' such as a change in control, will be required to meet certain obligations. These include maintaining their existing presence in a licence area, broadcasting minimum levels of local news and information each week, and submitting Local Content Plans for ACMA's approval.

Digital Action Plan

The Australian Government has developed a Digital Action Plan to drive the take-up of digital television services and help consumers make the transition from analogue services to the new digital environment as soon as possible. The Minister released this Plan on 23 November 2006. The Plan sets out a broad strategy for moving to full switchover to digital television and indicates that a timetable for switchover will be developed, preferably to begin in 2010–12.

Regulation of content services

Mobile phones and other hand-held devices now offer access to a range of media-rich services including broadcasting, internet and multimedia content. New content services such as live-streamed services are also being delivered through mobile and subscription internet portals. Australians, including children, are interacting with each other in increasingly sophisticated ways and are potentially exposed to a greater range of content, including offensive and harmful content. This convergence of communication challenges existing protections which are based on outdated approaches to accessing content.

The Australian Government considered this issue in the 2004 review of the Online Content Co-regulatory Scheme in Schedule 5 to the *Broadcasting Services Act 1992* and the 2006 Review of the Regulation of Content Delivered over Convergent Devices. The latter review found that there may be a lack of appropriate protections for users, particularly children, from inappropriate audiovisual content on mobile devices and existing regulatory frameworks may not provide an effective response.

The *Communications Legislation Amendment (Content Services) Act 2007*, passed by the Parliament on 21 June 2007, was developed in response to these findings. These reforms will come into effect during 2007–08.

The content services reforms extend the existing co-regulatory framework for online content to content delivered to convergent devices such as 3G mobile phones and subscription-based portals. The new rules apply to content services providing stored content, live content and links to content hosted in or provided from Australia. Stronger obligations apply

where these services are provided for a fee by a for-profit business as commercial content services. Content rated X18+ and content that is refused classification will be prohibited. Content classified R18+ must be provided with access restrictions that limit the availability of this material to adults. Content services made available on a commercial basis will also have access restrictions down to MA15+. ACMA will be able to issue notices to content service providers requiring them to take-down or remove access to prohibited or potentially prohibited content.

All major stakeholders were consulted in developing the content services reforms and significant refinements were made as a result of these consultations. A number of further technical amendments were made as a result of the Senate's Environment, Information Technology and the Arts Committee inquiry into the legislation.

The legislation endeavours to strike the appropriate balance between the Australian Government's commitment to protect the community and particularly children from offensive content, while also allowing the growth and development of new business models based on new technologies. It complements the program classification and regulation system applying to material transmitted by broadcasters.

NetAlert—Protecting Australian Families Online

On 21 June 2006, the Australian Government announced the \$116.5 million NetAlert—Protecting Australian Families Online package as part of its ongoing commitment to providing a safe online environment for all Australian families, especially children.



At the contract signing for the NetAlert—Protecting Australian Families Online project were: (back, L–R) Peter Springett, Lachlann Paterson, Matthew Prendergast, John Hedges, Abul Rizvi PSM, Marion Hayes, Daniel Millerson (front, L–R) Patricia Scott (Secretary), Nigel Metcalf.

Case Study

Capping liability in ICT procurement contracts

Australian Government procurement policy requires government agencies to ensure that local industry is able to compete for Australian Government business. Consistent with the value for money principle, the Australian Government has put in place simplified ICT procurement arrangements to assist in overcoming impediments to small to medium enterprise (SME) access to Australian Government procurement opportunities which, among other things, specifies minimum SME participation levels in large ICT contracts.

The issue of liability arising from procurement contracts, particularly the potential for unlimited liability clauses to impose unnecessary financial burdens on SME ICT suppliers to government, has been a major concern to the industry for some time. In response to this concern, the Australian Government committed to cap supplier liability in Australian Government ICT contracts.

Based on that commitment, the Australian Government released the *Guide to limiting supplier liability in ICT contracts with Australian Government agencies*, and an accompanying quick reference publication, on 16 August 2006. Under this guideline, unlimited liability is only included in ICT contracts when there is a compelling reason, rather than it being the norm. The guide provides assistance to Australian Government agencies to implement the policy and also helps ICT suppliers to understand how the policy will be implemented. The capping liability guide and 'companion' to the guide are available on the Department's website. Hard copies have also been widely distributed to industry and Australian Government agencies. In addition, the Department of Finance and Administration (DOFA) undertook a series of seminars around Australia to educate Australian Government procurement officers on the capping liability policy.



Staff members Philip Allnutt, Saima Tuisk and Michael Lindfield with a copy of the guide.

To further assist in implementing the policy, the Department commissioned legal firm Blake Dawson Waldron to draft capping liability clauses for inclusion in GITC 4 (the standard Australian Government IT Contract covering complex contracts). These have been provided to DOFA. In addition, capping liability clauses have been finalised and provided to DOFA for SourceIT contracts covering simple contracts. The Department is involved in ongoing liaison with DOFA in relation to consequent amendments to the Procurement Guidelines.

The centrepiece of the package is the \$84.8 million National Filter Scheme that will provide free PC-based internet content filters or a subsidised filtered service for all Australian families. The package also includes funding to assist public libraries in Australia in establishing child safe internet terminals.

The filter or filtered service will be available from the NetAlert—Protecting Australian Families Online portal which will include a number of accredited filter products that have met stringent testing and assessment criteria as well as offering general internet safety advice.

This will enable families to select their preferred filter product, by download or a CD-ROM delivered to their home, in line with their family values and the age profiles of their children. Free ongoing technical support, including telephone support from their preferred PC filter vendor, will also be provided.

The free PC filters were due to become available from 20 August 2007 along with the portal and a helpline to provide ongoing advice on a range of internet safety measures.

In 2006–07, the Department undertook tenders for the development of a registration, tracking and payments system, to select an independent testing laboratory and for the submission of PC filter products for possible inclusion in the National Filter Scheme. An additional tender will be undertaken in 2007–08 for ISP filtered products and services. The Department also started the development of the ISP filter portal.

A consumer information campaign was also developed. The campaign will provide advice to families on the dangers their children may face online and the means to address these including through the use of filter products. Supplementary benchmarking research to validate

statistics on children's internet usage and attitudes towards some of the dangers they may face online was used to develop the campaign. A partnership program with private sector organisations was implemented to enhance the reach of the communications program.

Development of an innovative, internationally competitive ICT sector

The Australian ICT sector continues to play a significant role in the economy both in its own right—4.6 per cent of GDP in 2002–03—and as a contributor to national productivity growth. Industry revenues totalled \$103.3 billion in 2004–05, and 371 150 people were employed in the ICT sector in August 2006.

Exports of ICT goods remained relatively steady at \$2.17 billion in 2005–06, declining 1.8 per cent from the previous year. Data from the Australian Bureau of Statistics indicates that total ICT research and development expenditure in Australia is approximately \$3 billion per annum accounting for approximately 25 per cent of gross expenditure on research and development.

An ICT Advisory Group was established by the Minister in May 2005 to provide ongoing advice to the Australian Government on national ICT priorities and presented its findings to the Minister in December 2006. The Group found that high-level infrastructure issues are important to developing Australian ICT capabilities, in particular education and skills, investment and incentives, research, communications infrastructure, human capital and industry capability.

The Department worked to progress the recommendations of the *Building Australian ICT Skills* report released in

Case Study

Set up for success workshops

Women are under-represented in the Australian ICT sector. At present less than 20 per cent of the ICT workforce is female and women only represent 25 per cent of total students undertaking education courses for careers in ICT. The Equal Opportunity in the Workplace Agency also reports that female participation in the management of ICT organisations is below average.

The *Building Australian ICT Skills* report identified retention and attraction of staff as important issues facing employers of ICT professionals. A workshop was also dedicated to investigating these issues at the 2005 *PartICipaTion Summit* which looked at ways to ensure that the ICT environment is attractive to women.

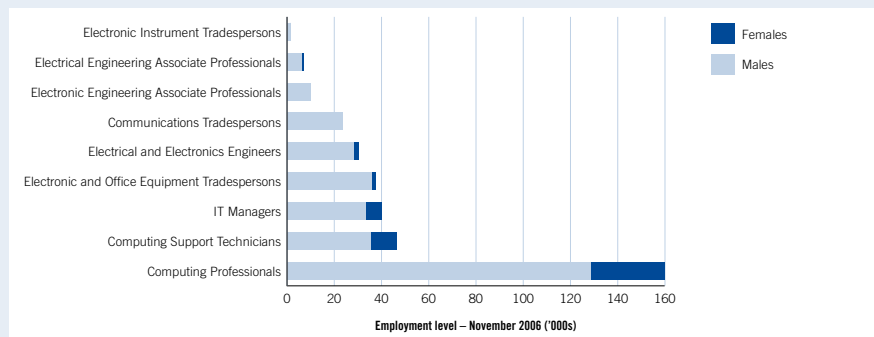
Following up this event, and as part of ongoing work to improve the supply of ICT skills in the Australian economy, the Department provided \$70 000 to the Australian Information Industry Association and the Australian Computer Society to conduct a series of workshops designed to improve female participation in the ICT sector. The workshops—with the theme *Set up for success*—were held in each state and territory across Australia from 18 to 29 June 2007.

The workshops were an important step forward in industry leadership on this issue. The training and advice provided will help address the leading causes of poor retention of female staff within the ICT sector.

The workshops attracted more than 600 female participants interested in developing practical skills to negotiate and balance their career and family life, as well as assist them in setting achievable career goals. Nearly 50 per cent of the attendees were in the key 28–37 year age group.

A website, www.setupforsuccess.com.au, was established to promote the event and has been continued as an ongoing resource. The site also provides a networking forum for women in the ICT sector.

Employment in ICT



Data source: ABS Labour Force Survey

May 2006. These activities included supporting an Industry Leadership Group on ICT skills established by the Australian Information Industry Association and the Australian Computer Society, funding the development of a national ICT skills recruitment tracking and monitoring system, supporting workshops targeted at encouraging the development of ICT workplaces that are more attractive and flexible for women, and improving access to, and analysis of, ICT skills related data.

The Australian Government's policy is that contracts with government agencies should generally cap the liability of suppliers at an appropriate level. This has particular relevance to ICT contracts, and in August 2006 the Minister released *A guide to limiting supplier liability in ICT contracts with Australian Government agencies*. This initiative has been strongly welcomed by industry.

Coordination of global branding for Australian ICT and involvement in major trade events is undertaken by the Committee for Marketing ICT Australia comprising Australian and state government agencies, industry and research organisations. The committee agreed in November 2006 to adopt the new national brand 'Imagine a Brighter Future: Australia' to replace the previous 'Technology Australia' brand, for international trade events.

The 3rd Australia-Korea-New Zealand Broadband Summit was held in Adelaide in December 2006 and attracted more than 150 participants. The Summit promoted business collaboration between the countries, particularly through the Department's support for one-to-one company meetings to help Australian companies to better present their capabilities to Korean businesses.

The Minister and her counterparts from Korea and New Zealand agreed on ongoing cooperative policy discussions.

Transformation of the Australian economy into an information economy leading to enhanced efficiency and productivity

In December 2006, the Department began a major project looking at the future of the internet and its potential impact on Australia's society and economy. Modules completed during the year were economic impacts of the internet, internet reliability, and SME trust in the online environment. The outcomes of the Future of the Internet project will inform Australia's position and contribution to the OECD ministerial meeting on the Future of the Internet Economy to be held in June 2008 in Seoul, South Korea. This will be the first such meeting on this issue since the 1998 Ottawa OECD Ministerial Conference on E-Commerce. The meeting will be an opportunity to influence global directions for this increasingly important infrastructure.

The final report of the e-Research Coordinating Committee was considered by the Minister for Communications, Information Technology and the Arts and the Minister for Education, Science and Training and released in May 2007. Many of the recommendations are being implemented through the Platforms for Collaboration stream of the National Collaborative Research Infrastructure Strategy administered by the Education, Science and Training portfolio. The Department is working with the Department of Education, Science and Training to ensure that technical solutions, standards and regulatory structures implemented

through this activity are compatible with the operations of bodies outside the higher education and research sector, for example collecting agencies and industry research bodies.

The Department participated actively in coordination activities with other Australian Government agencies and state and territory governments on ICT capability and innovation related issues. These included the Prime Minister's Science, Engineering and Innovation Council (where the Department participated in the Working Group on Data for Science), the Commonwealth, State and Territory Advisory Council on Innovation, the Coordination Committee on Science and Technology, and the Online and Communications Council Information and Communications Technology Working Group.

Following up on the release of the Australian Telework Advisory Committee report in February 2006, the Department commissioned the development of a Telework Online Resource Centre and associated better practice guidelines to help improve the awareness and uptake of telework. The development of these two resources was completed in 2006–07 and they are expected to be made publicly available in early 2007–08.

Two funded programs that addressed different elements of developing Australia's ICT capabilities concluded during the year—the Information Technologies Online Program (ITOL) and the Advanced Networks Program (ANP). ITOL focused on capacity building in the SME sector, while ANP provided advanced communications infrastructure to trial a range of commercial and research applications.

e-Security

In 2006–07, the Department was a lead agency in a whole-of-government review of the E-Security National Agenda. The review was undertaken to ensure that Australia's e-Security policy and operational framework continued to be responsive to the changing online environment.

The Department undertook a consultation process that included a discussion paper to gain feedback from industry, community organisations, government agencies and members of the public.

A number of initiatives were developed as a result of the findings of the review. The initiatives were aimed at raising awareness of home users and small business of the need to protect themselves from electronic attack and fraud and what measures they could put in place to improve their online security.

In the 2007–08 Budget, the Australian Government announced \$73.6 million over four years for a package of initiatives to address the outcomes of the review. The Department will receive \$9 million over four years to develop and implement awareness raising initiatives.

In October 2006, the Department worked with industry and community stakeholders to undertake National E-Security Awareness Week. A range of events took place throughout Australia to highlight the importance of secure online practices commencing with the Minister launching the *Stay Smart Online* website www.staysmartonline.gov.au

Case Study

National E-Security Awareness Week and Stay Smart Online website

In October 2006, the Minister launched a National E-Security Awareness Week and the *Stay Smart Online* website. The objective of the Awareness Week was to encourage Australian small businesses and home users to adopt smarter online security practices. The Awareness Week was a collaborative effort between government, industry and community organisations.

A Steering Group of representatives from industry and government guided the development of the Awareness Week, with membership from various organisations such as Abacus Australian Mutuals, the Australian Bankers Association, the Australian Electrical and Electronic Manufacturers' Association, the Australian High Tech Crime Centre, the Australian IT Security Forum, eBay Australia and New Zealand, the Internet Industry Association, McAfee, Microsoft Australia, Symantec, Sophos and Telstra Bigpond.

During the Awareness Week, activities were held in every state and territory and virtual events were also organised to reach a national audience. Some of the activities throughout the Awareness Week included:

- + Launch of *Think U Know* internet safety training to Australian primary and secondary schools, through a network of accredited volunteers and school champions by NetAlert, Microsoft Australia and the Virtual Global Taskforce.
- + eBay publicising the Awareness Week's key themes and features to their Australian customer base.
- + Sophos conducting a series of information workshops targeted at small businesses in Adelaide, Cairns, Darwin and Melbourne.



Minister for Communications, Information Technology and the Arts, Senator the Hon Helen Coonan, at the launch of www.staysmartonline.gov.au

A key feature was the launch by the Minister of www.staysmartonline.gov.au, the Australian Government's online security website. The website provides practical information for Australian Internet users on how to secure computers and adopt smart online practices. It has useful tips on how to transact online securely and a kid safe area with links to a range of information sources. The website also features a free e-security alert service, which provides subscribers with alerts about the latest e-security threats and vulnerabilities.

Administered items

Connect Australia—Broadband Connect and Australian Broadband Guarantee

Increased broadband take-up in rural and remote areas

Broadband Connect Incentive Program

The Broadband Connect Incentive Program met its primary objective to provide equitable access to higher bandwidth services across regional Australia by making an incentive payment to registered internet service providers for each eligible customer supplied with a Broadband Connect-compliant service.

Broadband coverage in Australia is illustrated in figure 2.28. Largely as a result of the Broadband Connect and Higher Bandwidth Incentive Scheme programs, more than 220 000 homes and businesses have received a subsidised high quality broadband service, and more than one million additional premises across regional, rural and remote Australia now have improved access to sustainable, terrestrial broadband services. In total, \$277.4 million was allocated during the operation of the Broadband Connect Incentive Program which ended in March 2007.

Broadband Connect had two supporting objectives: to promote competition among higher bandwidth service providers and to ensure efficient use of public funds

Figure 2.28 Broadband service availability



by effectively targeting areas of need in regional Australia.

At the close of the Broadband Connect Incentive Program in March 2007, there were 55 registered providers offering ADSL, cable, satellite and wireless services across much of regional Australia. These areas were either not previously able to access a broadband service or not able to access one on metro-comparable terms. Entry-level services were offered with prices from \$29.95 per month.

Broadband Connect Infrastructure Program

On 21 September 2006, the Government released the guidelines for the Broadband Connect Infrastructure Program. This program was part of the \$1.1 billion Connect Australia package and is the second phase of the \$878 million Broadband Connect program.

Under this program, support of up to \$600 million was available for major infrastructure projects of significant scale and service coverage. The funding was to support the capital cost of establishing new broadband infrastructure, including upgrades to existing infrastructure, to provide wholesale broadband services to under-served premises and areas broadly across regional, rural and remote Australia that would provide metro-comparable retail broadband services.

A competitive process was held for the Broadband Connect Infrastructure Program and applications closed on 18 December 2006. A panel within the Department completed an assessment process in accordance with the published program guidelines. The assessment was undertaken under strict probity guidelines and with the support of technical and financial advice.

Following the assessment, OPEL Networks, a joint venture between Optus

and Elders, was selected as the preferred applicant for the program. Following a negotiation process to achieve improved value for money for the project, the Australian Government agreed to provide an additional \$358 million to achieve a further extension of the network and additional benefits for broadband users in regional Australia.

On 18 June 2007, the Australian Government announced Australia Connected. A core element was the announcement of the successful applicant under the Broadband Connect Infrastructure Program. Funding agreements with OPEL are being negotiated, with full implementation of the wireless broadband network to be completed by 30 June 2009, and the entire national network (including backhaul and exchange upgrade components) to be completed by the end of 2009.

Australian Broadband Guarantee

On 7 March 2007, the Government announced the \$162.56 million Australian Broadband Guarantee program, including \$20 million to pay outstanding claims lodged under the Broadband Connect Incentive Program. The Australian Broadband Guarantee will provide metro-comparable broadband access for residential and small business premises where:

- + access is not available from commercial developments or past Australian Government support programs
- + access will still not be available after the roll-out of services by the OPEL network.

The program, which began on 2 April 2007, builds on and replaces the Broadband Connect Incentive Program and the Metro Broadband Connect

Program. Subsequently, incorporated into the Australia Connected initiative, the Australian Broadband Guarantee will also complement the Broadband Connect Infrastructure Program by providing access to broadband services to the one per cent of currently under-served premises that will not receive coverage after roll-out of the OPEL network. It will also support users until OPEL services are rolled out over the next two years.

The Australian Broadband Guarantee is based on the same incentive-based approach as the former Broadband Connect Incentive Program, although eligibility criteria have been tightened and more closely targeted to reflect the increased emphasis on broadband blackspot infill. The Department has also further enhanced its online program management system to provide greater automation of program processes, including testing eligibility of premises (using spatial data) and automatically testing for duplicate claims and service recipients.

The design of the Australian Broadband Guarantee addresses a number of the findings of the Australian National Audit Office Report No. 36 2006–07 *Management of the Higher Bandwidth Incentive Scheme and Broadband Connect Stage 1* (for details of the findings of this audit see Output 3.1, page 125).

Connect Australia— Mobile Connect

Improved access to telecommunication services

Under the Mobile Connect program, \$25.3 million is being provided over four years to extend terrestrial mobile

phone coverage and to continue satellite handset subsidies for more remote areas.

During 2006–07, a series of changes to the Satellite Phone Subsidy Scheme were implemented. These included new subsidy levels based on the location of applicants, extending eligibility to educational institutions and providing scope for Indigenous corporations to receive more than two subsidies if they are servicing a number of remote communities. During 2006–07, 2006 subsidy approvals were issued and payments of \$2.1 million were made.

Connect Australia— Clever Networks

The \$100 million Clever Networks program is delivering innovative broadband services to communities in regional, rural and remote Australia.

Clever Networks builds on the successful approach taken in earlier programs such as the Coordinated Communications Infrastructure Fund and Demand Aggregation Brokers program.

There are two elements to the Clever Networks program: Innovative Services Delivery and Broadband Development. The Innovative Services Delivery element co-funds projects that aid the delivery of improved services in sectors such as health, education, government, community and emergency services. The Broadband Development element complements the delivery of these services by assisting communities to enhance their understanding of, access to and use of broadband.

Rollout of new broadband applications and services under Clever Networks

Applications for funding under round one of the Innovative Services Delivery element of Clever Networks closed on 18 December 2006. On 17 April 2007, the Minister announced that 16 projects, drawing on Clever Networks funding of \$49 million, would be funded under the first round subject to the successful negotiation of agreements.

By 30 June 2007, five of these round one Innovative Services Delivery projects had been announced. These are listed in figure 2.29.

The Scope Connect project will connect people living with disabilities in remote areas, and their families, to specialist care. Another project, Clever Training, will use advanced broadband technology to deliver videoconference services to break down the barrier of distance that limits access to technical education. Together, these Clever Networks projects will enhance service delivery for educators, doctors, fire fighters and other essential service providers.

Round one funding of \$2.9 million was provided to successful applicants during 2006–07.

Round two of the Innovative Services Delivery element of Clever Networks was launched on 14 May and applications were due by 9 July 2007.

The Broadband Development element of the program has two components—Broadband Project Managers and Broadband Project Officers. Managers will be employed by state and territory governments. Officers will be employed by relevant organisations to work with regional communities to enhance understanding of, access to and use of broadband.

Under the Broadband Development element of Clever Networks, applicants were invited to submit proposals before 28 February 2007 for the Broadband Project Officers and negotiations have been taking place for the appointment of the Broadband Development Managers with each of the state and territory governments.

Figure 2.29 Round 1 Innovative Service Delivery projects*

Project title	Funding recipient	Funding amount
High speed broadband infrastructure and services for the regional centres of Berri, Murray Bridge and Port Pirie in South Australia	South Australian Department for Transport Energy and Infrastructure (South Australia)	\$2.3 million
Greater Western Area Health Service Clinical Outreach Program	Greater Western Area Health Service (New South Wales)	\$2.1 million
North Coast Area Health Service Clinical Outreach Program	North Coast Area Health Service (New South Wales)	\$1.8 million
Scope Connect	Scope (Victoria)	\$1.4 million
Clever Training	TAFE SA Regional Institute (South Australia)	\$1.1 million

* Lists projects announced during 2006–07

Increased broadband take-up and use by institutions and communities in the target project areas

The 16 preferred innovative Clever Networks projects from round one will improve service delivery in the areas of health, education, government and emergency services for communities in rural and regional Australia. These projects relate to virtual healthcare, remotely accessible interactive education services and delivery of integrated state-wide emergency services.

Extent to which Australian Government program funds are matched by investments from other tiers of government and industry

Clever Networks will attract significant investment in matching funding from commercial partners as well as state and territory governments. The \$49 million in round one Clever Networks funding has been matched by \$96 million over the next three years for a total of \$145 million—comprising both public and private sector funds—to deliver broadband to communities across regional, rural and remote Australia.

Number of institutions and communities with improved access to broadband

At the end of June 2007, five Clever Networks projects had been announced. If funding agreements for all 16 successful round one Clever Networks projects are signed and the projects proceed, they are likely to provide improved delivery of services through broadband to more than 400 institutions and over 1000 communities across Australia.

Communications Fund and regular reviews

In September 2005, the Australian Government established the \$2 billion Communications Fund. The purpose of the Fund is to provide an income stream to fund the Australian Government's responses to recommendations of the Regional Telecommunications Independent Review Committee.

The Committee has been established by legislation to undertake regular reviews into the adequacy of telecommunications services in regional, rural and remote Australia. Subsequent reviews are to take place every three years. In May 2007 an amendment was made to ensure that the Indian Ocean Territories were included in the regular reviews.

The *Telecommunications (Consumer Protection and Service Standards) Act 1999* establishes the \$2 billion Communications Fund to provide an income stream to implement the Australian Government's response to future Committee reports. During 2006–07 the Department, in consultation with the Department of Finance and Administration and the Treasury, finalised an investment strategy and arrangements for the longer-term management of the Fund. Regulations, investment authorisations and a service level agreement with the Australian Office of Financial Management were implemented to enable long-term investment in a low-risk portfolio.

Indigenous Broadcasting Program (IBP)

Access for Indigenous people to Indigenous-controlled broadcasting services

The IBP is an ongoing program that provides funding assistance to address the broadcasting needs of Indigenous people. Indigenous broadcasting provides information and entertainment and also helps promote language maintenance, cultural development and training in Indigenous communities. IBP funding is allocated through a whole-of-government funding round conducted annually.

In 2006–07, the program allocated \$13.6 million in funding for 116 projects. The program provided funding to 21 Indigenous-owned and controlled community radio stations in Darwin, Brisbane, Melbourne and Sydney, many regional locations and to 31 remote broadcasting services. This included support for one new radio station established to serve the Yolongu people in North-East Arnhem Land in the Northern Territory.

The IBP also continued to support Imparja Television, Australia's only Indigenous-controlled commercial television service. The funding supports the costs of satellite services to deliver Indigenous radio and television programming. Support was also provided for training and for Regional Indigenous Media Organisations to provide training, technical support and networking arrangements for local broadcasting services in remote communities.

The IBP was reviewed during 2006 and a report on the outcomes of the review was published on the Department's website in May 2007. The Review canvassed a number of issues for the

improved administration of the IBP. The report confirmed support for a number of principles that should underpin the program, and set future directions. In particular, there was support in the Indigenous broadcasting sector for the development of a more equitable funding model for the program, recognising that some historical inequities had developed in the level of funding for similar organisations across different regions. The Department is currently implementing recommendations from the report, including developing a new funding model in further consultation with the sector.

Connect Australia—Backing Indigenous Ability—National Indigenous Television

Access to Indigenous broadcasting service by specific target group audiences

National Indigenous Television

As part of the Backing Indigenous Ability program, the Australian Government has allocated \$48.5 million over four years to 30 June 2010 to establish a National Indigenous Television (NITV) service. NITV will commission, acquire and produce Indigenous television content.

During 2006–07, NITV Ltd was established as a company limited by guarantee. A Board (Chaired by Professor Larissa Behrendt, Professor of Law and Indigenous Studies at the University of Technology Sydney) and a Chief Executive Officer (Ms Pat Turner AM) were appointed and key production, acquisition and administrative staff were recruited. NITV established its headquarters in Alice Springs with a number of staff located in Sydney.

A funding agreement between the Department and NITV was executed in May 2007 and sets out reporting and accountability requirements including key milestones to be achieved and the associated payments schedule. NITV commenced services on 13 July 2007.

The service will be available for transmission initially on Imparja's narrowcast channel and later on other broadcasting platforms such as community television services or pay TV. The service will provide Indigenous news, children's television, drama and other entertainment reflecting the interests of Indigenous communities.

Indigenous Remote Radio Replacement (IRRR) program

Under the Backing Indigenous Ability IRRR program, the Australian Government is providing \$3.3 million over three years from 2006–07 to replace ageing radio infrastructure for the community radio services provided by the Remote Indigenous Broadcasting Services (RIBS).

There are 79 licensed RIBS eligible for IRRR funding. Most of these Indigenous organisations are located in very remote areas of Australia and the Torres Strait Islands. They are often the only source of locally relevant news and community information.

A contract was signed with the Community Broadcasting Foundation (CBF) on 12 June 2007 for it to manage the IRRR rollout. The CBF will work closely with Indigenous broadcasting peak bodies, remote Indigenous media organisations and individual RIBS to deliver a timely and equitable upgrade of critical radio studio and transmission infrastructure.

Connect Australia— Backing Indigenous Ability Telecommunications Program

Improved access, take-up and use of telecommunications technology and services by remote Indigenous communities

The \$31.7 million Backing Indigenous Ability Telecommunications Program is designed to address deficiencies in telecommunications services, particularly in remote Indigenous communities.

Following an extensive consultation process, the Minister for Communications, Information Technology and the Arts launched the program on 23 February 2007 with the release of guidelines and a call for applications. The program's six elements should help address community telecommunications needs and build social links and economic capability. Funding is provided for telephones, internet access, videoconferencing, training and skills development, Indigenous online content and regional agents.

A number of funding rounds are planned for the program. Round one closed on 20 April 2007 and 62 applications were received. The Minister had not announced the successful applicants at the end of the reporting period. A number of requests for tender were also issued for the provision of services (such as internet access, videoconferencing, training and regional agents) to communities under the program.

Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC)

Improved and sustained take-up and use of telephone services in remote Indigenous communities

As part of the \$6 million Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC) a trial of community phones was concluded in 2006–07 in remote Indigenous communities in the Northern Territory and Western Australia. Community phones are robust public phones using pre-paid cards. In total 216 phones were installed in 124 remote Indigenous communities.

A final evaluation of the trial conducted in 2006–07 found that the community phones have been well supported. Arising from this trial, 290 additional community phones will be provided to remote Indigenous communities.

Telstra Social Bonus—Building Additional Rural Networks program

Improved access to telecommunication services

The Building Additional Rural Networks program was established in June 1999 and was administered under Networking the Nation. Its objective was to support the development of new networks, network services and products with an emphasis on the adoption of innovative solutions and leading-edge technologies.

At the end of the program in June 2005, \$5.8 million uncommitted funds for the Northern Territory remained. These uncommitted funds are being used to

support telecommunications initiatives in the Northern Territory.

Program funding of \$1.4 million was committed to a project upgrading infrastructure to Wadeye which was being undertaken by the Local Government Association of the Northern Territory. Of this, \$1.0 million was expended on the project in 2006–07 with completion due in July 2007. Discussions have been held with the Northern Territory Government concerning options for the use of the remaining \$4.4 million on telecommunications initiatives in the Northern Territory in 2007–08.

Telecommunications Service Inquiry response—mobile phone initiatives

Increased terrestrial mobile phone coverage

Through the \$22.8 million Towns over 500 program, the Australian Government subsidised the extension of terrestrial mobile phone coverage to 131 regional towns with 500 or more residents.

The final two sites under this agreement were completed during the year and the final payment was made to Telstra.

Improved mobile phone coverage along regional highways

Through the \$19.1 million Selected Regional Highways initiative, the Australian Government subsidised the extension of mobile phone coverage to 62 lengths along 34 regional highways. The roll-out of new services under the agreement was completed in October 2005 and Telstra is required to continue to provide the services for ten years after completion of the roll-out.

Telecommunications Service Inquiry response—consumer representation

Appropriate activities by consumer representatives

Under subsection 593(1) of the *Telecommunications Act 1997*, the Minister may make grants to assist the representation of consumers' interests in telecommunications issues. The objectives of these grants include support for consumer representation in the development of industry codes.

Funding of \$700 000 was made to consumer bodies under the consumer representation grants program during the year, including more than \$30 000 in sitting fees to consumer representatives on the Communications Alliance Consumer and Disability Councils.

Funding recipients were involved in making submissions to industry code development processes and informing the Department about consumer views on key issues including accessibility to services for people with a disability, and support for people on low incomes. Other funded activities included the production and distribution of informative fact sheets and journal articles on developments within the industry from a consumer perspective.

Funded organisations also conducted a number of conferences and workshops in regional locations to increase consumer awareness of their rights and emerging telecommunications opportunities, as well as to gather and report on consumer views on key issues.

Telecommunications Service Inquiry response—telecommunications research

Research published

Under subsection 593(2) of the *Telecommunications Act 1997*, the Minister may make grants to organisations or persons to undertake research into the social, economic, environmental or technological implications of developments relating to telecommunications.

Twenty-four applications were received for telecommunications research grants and two were approved for funding in 2006–07. At 30 June 2007 funding agreements were being negotiated with the two successful applicants.

In June 2007, two research reports were accepted by the Department—one concerned the use of telecommunications services in remote Indigenous communities and the other related to telecommunications solutions for older people and people with disabilities. These reports will be published on the Department's website.

Case Study

Ngaanyatjarra Lands CCIF project

The Ngaanyatjarra Lands area of Western Australia is one of the most remote regions of the country, covering a vast area of approximately 250 000 square kms. It is currently poorly serviced by telecommunications. The Ngaanyatjarra Lands CCIF project provides 400km of broadband fibre optic backbone and 'last mile' services to six Indigenous communities. This project will significantly improve telecommunications for the communities and allow for more efficient and effective delivery of government services including health, justice, education, and business.

The optical fibre has now been laid by Telstra and it is expected that transmission connections will be complete by October 2007.

The project will enable the following broadband technology solutions:

- + High speed broadband internet services to assist media centres to further develop and promote Aboriginal culture.
- + Real time video conferencing and data sharing for remote health clinics and police services.
- + Improved access to advanced educational, cultural and media content to improve the quality of learning and training to the community and schools including assisting school children with necessary computer skills.
- + VoIP (voice over internet protocol) thereby delivering savings in telecommunication costs for the whole region.

Regional Telecommunications Inquiry—Coordinated Communications Infrastructure Fund

Roll out of new infrastructure and services under the Coordinated Communications Infrastructure Fund

Improved access to broadband

Improvements in telecommunications infrastructure

The Coordinated Communications Infrastructure Fund (CCIF) program forms part of the Australian Government's commitment to implement the National Broadband Strategy. The fund includes \$20.9 million for infrastructure projects to improve broadband capability to deliver health, education and government services in regional communities.

Projects funded through the CCIF deliver high-speed bandwidth to health and education institutions, business, local government and Indigenous and community groups in regional and rural areas. Seven preferred applicants had been announced in the first round in April 2004, and six applicants were funded in the second round in April 2005. About 92 communities will benefit from round one of the program, and 48 communities will benefit from round two. Expenditure under CCIF was \$7.3 million in 2006–07.

Under the program guidelines, CCIF funding must at least be matched by funds from the project partners. Australian Government funding for infrastructure projects under both funding rounds was more than matched by project partners and generated an additional \$49.3 million.

Of the 13 projects funded under the two rounds of the CCIF, five are now operational. The projects completed in 2006–07 were the Northern.Net@qld project and the Port Lincoln Broadband Infrastructure and Services Project. Two funding deeds were signed for the Hunter Health NSW and the Northern Territory Thamarrurr Regional Infrastructure Upgrade project. The remaining CCIF projects are scheduled for completion in 2007–08.

Regional Telecommunications Inquiry—Demand Aggregation Brokers

Improved access to broadband

The \$6.9 million Demand Aggregation Brokers program funded a network of national, state and territory and community brokers to undertake demand aggregation initiatives to enable new broadband infrastructure and services. All the projects were completed by 30 June 2006 and final remaining grant payments of approximately \$602 000 were made during 2006–07.

Aggregate estimates compiled from projects funded under the program indicate that more than 300 communities now have access to broadband—297 exchanges have been ADSL-enabled in regions covered by the program. The program also helped new wireless service providers to enter the market and develop regional broadband solutions for areas that may not otherwise have been able to afford them. The price of these services is mostly comparable with prices in metropolitan areas.

Broadband access and usage costs have been lowered not only by facilitating competitive services offerings, but also by encouraging value-added service

solutions such as VoIP (voice over internet protocol). These have delivered further savings to customers. The program helped spread awareness of broadband and its social and economic benefits throughout regional Australia. This has been critical in driving up demand for broadband in more remote and isolated communities. It helped communities in regional areas to better identify their broadband needs, such as for particular applications.

Research continued to evaluate the social and economic impact of broadband in four program areas—Gloucester (New South Wales), the Gold Coast (Queensland), Loddon Mallee (Victoria) and the Yorke Peninsula (South Australia). A follow-up survey of these four areas was conducted in March 2007 to measure changes in internet take-up and use since November 2005. The results showed that in all four regions there was an increase in home internet connectivity (up from 65 to 69 per cent) and broadband access (up from 36 to 62 per cent) between 2005 and 2007.

Information collected from these four areas has provided the basis for the publication *Broadband in regional Australia—Making a difference*. This publication describes the early impact of broadband use. Reported benefits from broadband take-up include more convenient access to a range of government services, improved social cohesion, greater retraining opportunities in isolated communities, accessing new markets and more flexibility in where Australians choose to perform their work.

Regional Telecommunications Inquiry response—extending mobile phone coverage

Increased terrestrial mobile phone coverage

Telstra continued the rollout of new infrastructure to provide new or improved mobile phone coverage to 62 locations in regional Australia under a \$15.6 million funding agreement with the Australian Government signed in August 2004.

The roll-out of new services under the agreement was completed in June 2007 and Telstra is required to continue to provide the services for ten years after completion of the roll-out. The new infrastructure is providing new or improved mobile phone coverage to around 23 000 people, across approximately 115 000 square kilometres.

Regional Telecommunications Inquiry response—ICT training and technical support

Improved access to ICT training and technical support for people living in 'very remote' Australia

In 2006–07, nine projects delivered IT training courses and technical support services to a total of 10 312 people in very remote parts of Australia. The program was due to be completed by 30 June 2006, however, due to delays resulting from extreme climatic conditions and difficulties in attracting and retaining experienced staff, six projects were granted time extensions of up to six months with associated funding rephased into the 2007–08 financial year.

Metro Broadband Connect program

All metropolitan customers are able to access broadband services at metropolitan comparable prices

The Metro Broadband Connect program (originally called the Metro Broadband Blackspots program) was designed to help people in metropolitan areas who were unable to access broadband services at prices similar to those available to the majority of metropolitan customers.

Three service providers were registered under the program, covering areas of the Central Coast of New South Wales, the Gold Coast and Perth. Assessments of 21 applications were well advanced when the program was replaced by the Australian Broadband Guarantee on 2 April 2007.

International organisations contributions

Appropriate issues raised at International Telecommunication Union and Asia–Pacific Telecommunity meetings

In a globalised industry context, Australia's public and private sector investments in telecommunications services including broadcasting, radiocommunication, satellite and scientific and consumer services depend largely upon harmonised global standards and coordinated frequency allocations that are established through the International Telecommunication Union. Australia's contribution of around \$4.9 million to the Union in 2006–07 included \$609 970 to support its work to build capacity in telecommunications and ICT regulatory and governance activities in the Asia–Pacific region.

Of the \$253 460 paid to the Asia–Pacific Telecommunity as Australia's annual contribution, \$128 636 was used to develop and support capacity-building projects to assist policy makers and regulators to improve access, security and governance within the sector. In the last 12 months Australia has contributed to information sharing workshops on issues including ICT legislation, trade and telecommunications policy and regulation.

Information about issues raised at meetings of these organisations is included in the Outcomes section dealing with international matters (page 88).

Television Black Spots and Television Black Spots—Alternative Technical Solutions

Removal of television black spots

The Television Black Spots Program (TVBSP), which closed on 30 June 2005, improved access to analogue television services in areas of poor television reception. Under the TVBSP, new analogue television services were established in 242 black spots, well above the program target of 200.

The TVBSP also funded the replacement of obsolete equipment at 182 existing analogue self-help retransmission sites, 106 of which served Indigenous communities.

The Television Black Spots—Alternative Technical Solutions (ATS) Program provides alternative solutions to black spots that could not be assisted under the TVBSP. Alternative solutions include the retransmission of digital television services or funding for equipment to access satellite television services. There are 14 projects being managed under the ATS Program.

Case Study

Workshop on principles of cyber legislation for Pacific Island countries

In March 2007, the workshop on *Principles of Cyber Legislation for Pacific Island Countries* was held in Auckland, New Zealand. The workshop was a joint initiative of the Asia-Pacific Telecommunity, the International Telecommunication Union and the Pacific Island Telecommunications Association. The Department partially funded the workshop through its contributions to the International Telecommunication Union and provided fellowships through its funding commitments to the Asia-Pacific Telecommunity.

Given the challenges that limited resources present Pacific Island countries, one of the key priorities of the Department's engagement with the Pacific is to encourage collaboration between international fora to avoid duplication, maximise synergies and ensure the continuity of approaches. The Department coordinated the collaboration between these three organisations and worked closely to develop a relevant agenda focused on the ICT needs of participating Pacific Island countries.

The workshop provided support to policy makers associated with cyber legislation in the Pacific and developed a roadmap of ICT legislation for Pacific Island countries. The need for ICT legislation is high on the agenda of many Pacific Island countries, and Australia, through its involvement with regional and international organisations like the Asia-Pacific Telecommunity, the International Telecommunication Union and the Pacific Island Telecommunications Association, is encouraging greater cooperation and integration in the national policy, regulations and legislation in the Pacific Island region.

The Department is very active in the region in terms of cyber security initiatives, through projects aimed at developing anti-spam legislation and the accompanying enforcement regimes in a number of Pacific Island countries. Given this engagement, the Department delivered a keynote address on the Australian approach to data privacy and spam, as well as the Do Not Call Register.

A total of \$506 095 was provided for black spots projects in 2006–07.

At 30 June 2007, 256 projects had been approved for funding under both programs.

In 2006–07 new facilities commenced transmission or alternative solutions were implemented in two black spots, compared with thirteen black spots addressed in 2005–06 for both television black spots programs.

Figure 2.30 shows the number of television black spots fixed under both programs, listed by year and cumulatively.

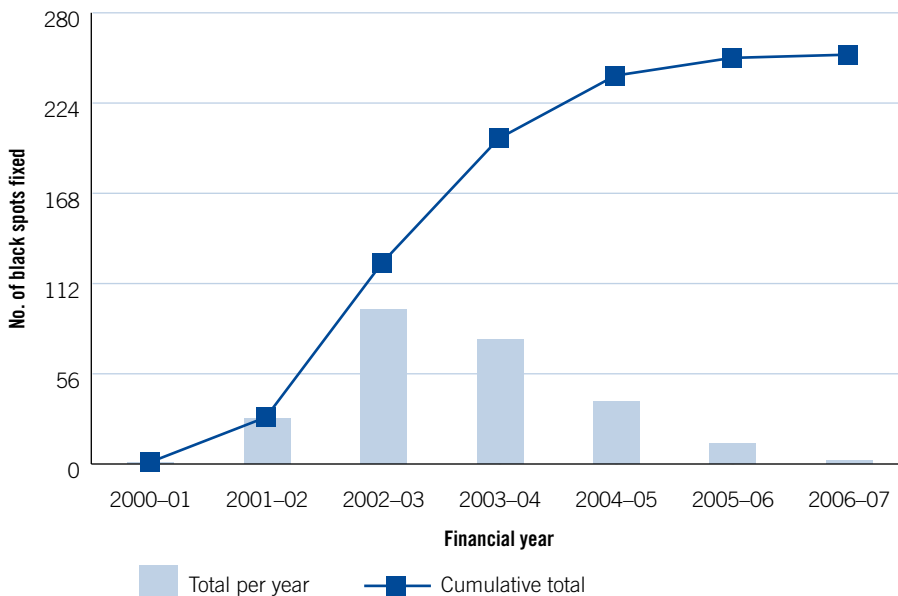
ABC and SBS Digital Interference Scheme

Timely payments to ABC and SBS under the Digital Interference Scheme

The ABC and SBS Digital Interference Scheme reimburses the costs incurred by the national broadcasters in contributing to the Interference Management Strategy. The Strategy helps consumers overcome interference problems associated with the introduction of new digital television services. Free TV Australia administers the Strategy on behalf of all participating broadcasters, including the ABC and SBS.

The Department transfers funds to the national broadcasters when their strategy-related costs are confirmed.

Figure 2.30 Number of television black spots fixed



Grants in 2006–07 totalled \$4181. All invoices and payment requests received by the Department from the national broadcasters were approved by 30 June 2007.

The average period between the receipt of invoices, or relevant supporting information, and payment approval was 10 days, an improvement on the 17-day average achieved in 2005–06.

National Transmission Network residual funding pool

Access to broadcasting services by specific target group audiences

The National Transmission Network residual funding pool was created as part of the network sale arrangements to ensure that Australian Government commitments were met in relation to transmission arrangements for national, community and remote commercial broadcasters, and for Radio for the Print Handicapped.

These commitments have now been discharged or, where appropriate, funding agreements have been put in place to ensure that they are met and to provide ongoing access to broadcasting services. Five grants totalling \$634 642 were made during 2006–07.

In late June 2006, the ABC entered a funding agreement under the National Transmission Network residual funding pool to purchase three emergency power plants in Victoria and two portable FM radio transmitters, one each for Queensland and Western Australia, to support the continuity of ABC local radio. The total funding commitment to the ABC for this initiative is \$547 696, of which \$173 542 was made from the National Transmission Network residual

funding pool in 2005–06 and \$374 154 in 2006–07.

Regional Equalisation Plan

Assistance to regional and remote commercial television broadcasters for digital broadcasting

The Regional Equalisation Plan, announced by the Australian Government in the 2000–01 Budget, provides up to \$250 million over 13 years to help regional and remote commercial television broadcasters to introduce digital television services. The Plan meets half of both the capital costs and eight years' operating costs of the digital transmission of existing television services.

The Regional Equalisation Plan primarily comprises rebates against broadcasters' annual licence fees administered by ACMA. In the case of smaller regional and remote markets where there is less revenue and hence lower licence fees, the licence fee rebates are supplemented by cash grants administered by the Department. The grants assist licensees in these markets to achieve the level of Regional Equalisation Plan assistance agreed by the Australian Government.

To date \$151.5 million has been provided in Regional Equalisation Plan assistance, including \$24.1 million in 2006–07.

Some \$300 000 in supplementary grants was provided in 2006–07 under the Plan in smaller regional markets. A further \$360 000 in grants was provided in 2006–07 to the remote commercial broadcaster Imparja Television, to assist with the significant equipment costs it is incurring in advance of its digital conversion.

NetAlert Limited

Timely payments in accordance with NetAlert's funding agreement

Total funding provided to NetAlert in 2006–07 was \$535 000. This consisted of \$500 000 'core' funding and \$35 000 for the Budget Estimates Framework Review which enables NetAlert to meet its Budget reporting obligations. A further funding allocation of \$4.9 million over three years from 2006–07 is to be made available to ACMA for NetAlert related activities under the Australian Government's Protecting Australian Families Online Project. The Australian Government has decided to merge NetAlert with ACMA.

Community broadcasting training fund

Access to training by targeted groups

The Community Broadcasting Foundation was provided with \$600 000 in 2006–07 to implement the Training Fund. Four rounds of Broadcast Training and Pilot Training Projects grants have been offered and trainees from 54 stations were funded to undertake 2550 hours of accredited training.

Five pilot training projects were funded to a total of \$205 830. The projects included the use of web-based technology in the delivery of training to remote Indigenous communities, a training model for engaging disadvantaged target groups and the development of podcast training resources.

In the area of training resource development, a national registry of trainers is being developed to allow community broadcasting stations access to up-to-date information about accredited trainers in their local area.

Funding has also been provided for the development of resources for use in the delivery of community broadcasting-specific management training expected to be completed in the final quarter of 2007.

Once the resources for management training delivery have been finalised, the rollout of management training grants will begin. It is expected that this will commence by the end of 2007.

Community broadcasting transmission support

Access to broadcasting services by community broadcasting audiences

Funding of \$1.5 million was provided to the Community Broadcasting Foundation in 2006–07 to assist community radio broadcasters with transmission costs. The Community Broadcasting Foundation held two funding rounds and made 178 grants to community broadcasters located in urban, regional and remote centres across Australia.

ICT Centre of Excellence program

The Department jointly administers, with the Australian Research Council, funding arrangements for the ICT Centre of Excellence, National ICT Australia (NICTA). Two tranches of funding have been provided under the Australian Government's *Backing Australia's Ability* measures. The first tranche totalled \$124.8 million over 2001–02 to 2005–06. The second tranche comprises \$249.48 million over 2006–07 to 2010–11. Of the \$124.8 million provided by the Australian Government under the first funding deed with National ICT Australia Ltd, 49.92 per cent was

paid by the Department, while the Department will pay exactly 50 per cent of the \$249.48 million in contributions to be provided under the second funding agreement.

NICTA's mission is to undertake information and communications technology research at the highest international standard and scale. It conducts research training through an enhanced PhD program, has a key objective of commercialising its own research and forges mutually beneficial links with private sector research organisations, major corporations, small and medium enterprises and public sector agencies.

Quantity and quality of research, research training, collaboration and commercialisation

At 30 June 2007, NICTA had 142 researchers and 83 technical support staff working on a portfolio of 51 research projects across 14 programs at laboratories in Brisbane, Canberra, Melbourne and Sydney.

NICTA published 170 research papers in peer-reviewed journals during 2006, an increase of 44 from 2005. A further 475 papers were presented at major international conferences and published in conference proceedings over the 2006 calendar year.

NICTA's International Science Advisory Group and International Business Advisory Group were very satisfied with NICTA's progress over the past year. A key feedback point was that NICTA had now moved from the 'launch' to the 'boost' phase.

NICTA has developed research themes of embedded systems, making sense of data, managing complexity and networked systems. Within these

themes, specific projects are being progressed which are in accordance with the Australian Government's National Research Priorities including smart transport, water management and information productivity.

Research training

At 30 June 2007, 297 students were endorsed under the NICTA program, a decrease of five from 2006, and 37 PhD students graduated.

Collaboration and commercialisation

Through its networks and linkages activity, NICTA aims to increase its impact and results by working with targeted research, government, education, industry and domain partners. In 2006 NICTA formed strong cooperative relationships and established joint projects for national and international benefit with SMEs, research institutions in Australia and overseas, multinational corporations and ICT users and producers. See www.nicta.com.au/director/collaboration.cfm for more details.

In 2006, NICTA achieved strong results through its commercialisation process, including:

- + eight market validation grants
- + two proof-of-concept grants
- + two commercialisation development investments
- + one spin-off company.

NICTA researchers submitted 42 invention disclosures and filed 26 provisional and 12 complete patent applications in 2006. Fourteen Patent Cooperation Treaty (International) applications have been made.

In 2006–07, NICTA continued to receive external revenue from cash and in-kind

support from a number of commercial partners and direct payment for services provided, in addition to contributions from its members.

Advanced Networks Program

The Advanced Networks Program was announced in 2000–01 as part of the \$158 million Building on IT Strengths program, funded from the proceeds of the partial sale of Telstra. Funding for the program was \$37.2 million over three years from 1999–2000 to 2003–04 to support three projects—the Centre for Networking Technologies for the Information Economy (CeNTIE), Grid and Next Generation Network (GrangeNet) and m.Net. Additional funding of \$20 million was provided for three years from 2004–05 to 2006–07 under *Backing Australia's Ability—Building our Future through Science and Innovation*.

The program's objective was to contribute to the development of advanced network infrastructure that will deliver long-term economic benefits. It supported the development, trialing and demonstration of advanced networks, experimental networks and testbeds.

GrangeNet ceased operations at the end of November 2006. Most of its users migrated to the AARNet3 network. CeNTIE and m.Net concluded their Advanced Networks Program activities in June 2007.

High use of facilities

The Advanced Networks Program networks have been used extensively in research and applications development.

CeNTIE built on network and applications research to develop and demonstrate new business systems covering e-health, digital media, enterprise systems and regional Australia connectivity.

GrangeNet supported research projects in Instrument Grid and tele-science, Computational Grids, Access Grids, Data Grids, collaborative working and Grid middleware/security. The projects served researchers in areas including particle physics, linguistics and sports coaching.

Eighty application and content development companies worked under the m.Net structure to develop and commercialise rich-media mobile services. m.Net has established marketing relationships with overseas firms to internationally market Australian output and has expanded its position as a mobile services enabler for carriers and media companies.

Facilities have had positive impact on the work of researchers

In 2006–07, the Advanced Network Program projects facilitated a significant amount of research activity.

CeNTIE conducted research in network technologies, virtual environments, trusted systems, continuous media web services, telepresence systems and developed and trialed leading edge broadband applications to enable next generation information economy business systems. CeNTIE's major commercialisation outcomes achieved in 2006–07 included the Virtual Critical Care Unit with Telstra and the haptic surgical training system with Medic Vision.

GrangeNet delivered opportunities for collaboration between Australian researchers using Australia's first high performance optical research network. This offered a framework for the development of Grid services, the opportunity to test-drive high-speed networks and an incentive to explore novel techniques and forge new collaborations. GrangeNet has provided

networking solutions and storage on-demand and promoted the uptake of IPv6.

Commercial carriers have implemented 3G mobile telephone applications following m.Net's pioneering of the technology in Australia. m.Net continued its range of activities supporting the testing, trialing, demonstration and commercialisation of next generation wireless broadband applications and mobile content development, mobile services software programs, a mobile applications development course at universities and a marketing program.

Leveraging of non-Australian Government external funding

In accordance with the funding agreements for the GrangeNet and m.Net projects, during the initial three years of the program the Australian Government's investment of \$37.2 million was supplemented by more than \$71 million in cash and in-kind contributions from the projects' consortium members. The Australian Government's funding of \$20 million during the second phase of the program was supplemented by nearly \$17 million in cash and in-kind in contributions from the project consortium members.

In addition, and in accordance with the funding agreement for the CeNTIE project, the CSIRO contributed more than \$29 million in cash and in-kind contributions during the initial three years, and more than \$10 million during the second phase of the program.

Contribution to national backbone network for research and education

The networks established by CeNTIE and GrangeNet under the first phase of the program provided the first very

high-capacity (10 gigabits per second) network in the Southern hemisphere. The two organisations interconnected to form a national research backbone from Brisbane to Perth.

In 2006–07 this backbone continued as the principal national high-capacity research link, with GrangeNet users migrating to the new AARNet3 network as the GrangeNet network closed.

Expertise in operating advanced networks developed through the Advanced Networks Program has been a major contributor to the Australian Government's National Collaborative Research Infrastructure Strategy administered in the Education, Science and Training Portfolio.

ICT Incubators Program

ICT start-up companies assisted

From 1 July 2006 to 31 March 2007, the eight ICT incubators across Australia considered 482 applications of which 14 ICT start-ups were accepted as incubatees and 17 others reached graduate status. As shown in figure 2.31, since 2000–01, incubators have considered 5936 applications of which 422 ICT start-ups were accepted as incubatees and 269 of those became graduates of the program by meeting agreed business milestones.

Stronger ICT commercialisation

In the nine months to March 2007 the ICT incubators reported raising \$39.8 million in private co-investment for incubatees. In addition, incubatees successfully applied for a further \$7.7 million in government grants. Overall total co-investment raised since 2000–01 is \$333 million.

Figure 2.31 Applications, acceptances and graduates from the ICT Incubators Program (ICTIP) and the former Building on IT Strengths (BITS) Incubator program

	Up to 2000–01 BITS	2001–02 BITS	2002–03 BITS	2003–04 BITS	2004–05 ICTIP	2005–06 ICTIP	2006–07 ICTIP (to Mar 2007)	Total*
Applications	1516	1110	927	656	633	612	482	5936
Acceptances	64	98	102	81	33	30	14	422
Graduates	4	32	88	64	36	28	17	269

* Numbers above revised from previous years as full year figures became available.

NB There were 11 incubators under the BITS Incubator Program while the ICTIP has eight.

Impact of funding

The ICT Incubators Program addresses an identified market failure where venture capital and other finance providers have historically displayed reluctance to invest in early-stage ICT companies. Consequently, ICT start-ups have found it difficult to locate capital providers, develop networks, leading-edge customers and other business partners and obtain business development advice in their critical early years.

The program has generated positive outcomes. By 2005–06, incubators reported that incubatees had generated a total of \$119 million in annual revenues, \$76 million in exports and an employment increase of over 120 on 2004–05. In addition, incubatees have been recognised in a number of local and international industry awards.

Information Technology Online

Innovative projects funded under the Information Technology Online Program

The Information Technology Online Program is a competitive funding program designed to accelerate national adoption of e-business solutions, especially by small-to-medium enterprises. Since 1996, the Australian Government has allocated more than \$15.4 million to 131 innovative projects. The program concluded on 30 June 2007.

Projects completed successfully

In 2006–07, seventeen e-business projects from the agriculture, theatre, arts, transport, health, construction and building industry sectors were successfully completed. These projects spanned a number of sectors and addressed a variety of different business problems and challenges through e-business solutions. Project profiles from all funding rounds can be found at www.dcita.gov.au

There were no projects remaining to be completed at 30 June 2007.

Take-up of business-to-business e-commerce by business in targeted sectors

The projects conducted over the life of the Information Technology Online Program have helped highlight the practical application of ICT innovation across the economy. They have made an important contribution to the take-up of business-to-business e-commerce solutions by encouraging a wide range of stakeholders to consider the potential of e-business to lift productivity and effectiveness. The projects have also contributed to a substantial amount of learning and experience gathering in e-business across a variety of sectors.

Electronic media research

Timely payment in accordance with agreement with ACMA

Funding of \$200 000 was appropriated to the Department in the 2006–07 Budget to administer a research project into the long-term psychological effects of the media on children, families and society. The funds were provided to ACMA in March 2007 to conduct this project. ACMA is to report to the Department by the end of July 2007 on the outcome of the research project.

NetAlert—Protecting Australian Families Online

The adoption of filter technology amongst Australian internet-enabled households with dependent age children

Increased parental awareness of online safety issues concerning dependent age children

Information about this program is included in the Outcomes Section dealing with NetAlert—Protecting Australian Families Online program (page 92).

Output 3.1

Policy advice and program management that delivers competitively priced, accessible and high quality telecommunications, broadcasting and postal services and that supports development and application of a competitive capability in ICT.

During 2006 the Department's output structure was revised to ensure greater alignment in the way that the Department operates, and the four outputs were consolidated into a single output covering broadcasting, ICT, postal services and telecommunications. This change was reflected in the Department's 2006–07 Portfolio Additional Estimates Statements.

High quality program administration

The programs administered by the Department in this output address broadcasting, ICT and telecommunications needs. A detailed discussion of program administration in relation to each specific program is set out under Outcome 3—administered items. Comments are set out below in relation to additional aspects of program administration.

Broadband Connect Incentive Program, Metro Broadband Connect and the Australian Broadband Guarantee

The Broadband Connect incentive program, Metro Broadband Connect and the Australian Broadband Guarantee have been supported by the Broadband Customer Online Management System and the Broadband Service Locator. These facilities were developed based on geospatial software allowing for self directed analysis of customer eligibility and lodgment of service provider subsidy claims. The facilities use geospatial analysis of service coverage areas and customer locations to provide the Department with extensive analysis and reporting capabilities in relation to service provider behaviour. The development of this capability received favourable comment in a recent report by the Australian National Audit Office.

Community broadcasting

Funding to the community broadcasting sector is provided through the Community Broadcasting Foundation—an independent, non-profit company. The Foundation distributes funds to community broadcasters through a range of grant programs. In 2006–07, \$7.8 million was paid to the Foundation to allocate and distribute.

In 2006–07 all milestones and acquittal requirements for Australian Government funding were met within the required timeframes.

Intelligent Island Program

During the year the Department and the Tasmanian Department of Economic Development continued to jointly oversee the implementation of the Memorandum of Understanding that governs the \$40 million Intelligent Island Program. The Department of

Economic Development is responsible for administering the program.

Following extensive consultations with the Tasmanian ICT industry on the direction of the program, the Australian and Tasmanian governments announced in December 2005 that remaining Intelligent Island funds would be allocated between a proposed \$15 million ICT Centre and a new Market Access and Partnership Program.

The Tasmanian ICT Centre was established under a funding agreement signed by the Tasmanian Government and the CSIRO in September 2006. The Intelligent Island Program and the CSIRO will each contribute \$15 million to the Centre (CSIRO's contribution will be made up of \$11 million in cash and \$4 million in-kind). The Centre will conduct applied research in the areas of sensor networks, data management and robotics.

The Centre has progressed all of its initial research projects. It has established a PhD scholarship program with the University of Tasmania to support 10 candidates over the next five years and has conducted an initial set of workshops to explore issues around Tasmanian ICT industry engagement with the Centre. It has also established a Research Investment Advisory Council to guide the Centre's strategic research priorities.

The Market Access and Partnership Program is a competitive, merit-based grant program to provide up to \$18 million in grants through two categories of funding: commercial grants to help Tasmanian ICT companies to develop or market a product or service for export from Tasmania to interstate and overseas markets; and special project grants for activities of benefit to the broader Tasmanian ICT industry. A cap

of 10 per cent of total available program funding has been applied to special project funding.

High-quality and timely policy advice and ministerial services

Providing policy advice and support to the Minister for Communications, Information Technology and the Arts is a key function of the Department.

The Department provided the Minister with briefings on a wide range of issues in addition to those discussed in the outcomes. Examples of issues on which advice was provided to the Minister include:

- + new services and infrastructure, such as Next Generation Networks and VoIP
- + the High Court proceedings challenging the Constitutional validity of parts of the access regime in Part XIC of the *Trade Practices Act 1974*
- + telecommunications consumer issues such as the pricing of particular services, the Universal Service Obligation, the Customer Service Guarantee, the Network Reliability Framework, mobile premium services, the Low Income Measures Assessment Committee and the review of the *Spam Act 2003*
- + electronic and infrastructure security issues
- + governance of ACMA, in particular the review of ACMA's funding arrangements
- + legislation to implement digital radio in six state capital cities by 1 January 2009
- + the 2007–08 Budget decision to provide funding for community and national broadcasters to participate in digital radio

Case Study

The evolution of radio

Digital radio represents a new stage in the evolution of radio, offering the potential for a range of benefits for audiences and industry alike. These include better sound quality, image and text capabilities that could be applied to content such as news, sport and weather, as well as functions such as pause and rewind.

The development of a licensing and regulatory framework to enable radio listeners to benefit from digital radio has been a priority for industry and government alike.

Consultations and research on digital radio in Australia were initiated by the Australian Government in 2004, building on previous consultations and culminating with the release by the Minister of a policy framework to guide the introduction of the new technology in October 2005.

This framework was implemented through legislation passed by the Parliament in May 2007. The *Broadcasting Legislation Amendment (Digital Radio) Act 2007* and the *Radio Licence Fees Amendment Act 2007* amend existing legislation to enable the introduction of terrestrial digital radio services as a supplement to existing analogue radio. There is no intention to shut down analogue AM and FM radio services in the foreseeable future.

The legislation provides for the commencement of digital radio services by commercial, national and wide-coverage community broadcasters in the state capital cities by 1 January 2009. These broadcasts will be made using the Digital Audio Broadcasting technology and provision is made for the broadcasters to share the available digital radio spectrum. Other specific elements of the legislation include:

- + requirements relating to the nature and commencement of services for digital radio licensees
- + planning and licensing powers for the regulator, ACMA
- + an access regime to provide for fair access to the transmission facilities used for digital radio
- + a six-year moratorium on most new commercial digital radio licences.

- + legislation to introduce a regulatory framework for digital content provided through emerging services such as 3G mobile services
- + legislation to implement digital conversion for commercial television services in remote Western Australia
- + negotiations with commercial broadcasters about implementing digital television in remote central and eastern Australia
- + digital conversion of community self-help television facilities and satellite direct-to-home installations.

During 2006–07, the volume of ministerial correspondence more than doubled, with only a marginal reduction in the percentage delivered on time (see figure 2.32). Additional resources have now been allocated to this activity. There were also substantial increases in the number of ministerial submissions.

Effective client satisfaction and consultation

The annual client satisfaction survey conducted by the Department found that 74 per cent of the 486 clients who dealt with the Department on matters relating to telecommunications

were satisfied with the service provided. Satisfaction was also reported by 76 per cent of the 460 clients who dealt with the Department on matters relating to broadcasting services and 81 per cent of the 533 clients who dealt with the Department on matters relating to information and communications technology.

Further details on client satisfaction can be found in the management and accountability section of this report (see page 129). Due to the restructure of the Department and its outcome/output structure, it is not possible to compare levels of satisfaction from previous years.

Consistent with good policy development practice, the Department undertook consultation on a range of initiatives throughout 2006–07.

Introduction of Australian Broadband Guarantee

On 7 March 2007, the Minister announced the Australian Broadband Guarantee. Draft guidelines for both the Australian Broadband Guarantee (during a transitional period) and the full Australian Broadband Guarantee were made available on the Department's website for comment. The Department

Figure 2.32 Advice provided within agreed timeframes

Type of advice	2005–06 (end of year)		2006–07 (end of year)	
	Number	% on time	Number	% on time
Ministerial correspondence	2473	56	5432	53
Briefings				
+ Minutes initiated in the Department	760		850	
+ Meeting Briefs	139	87	157	86
Question Time Briefs	643	74	969	83
Parliamentary Questions on Notice	47	70	44	36

also sent draft guidelines to internet service providers registered under relevant programs and organised briefing sessions for potential applicants.

The Department incorporated feedback received into the guidelines and program design of the full Australian Broadband Guarantee which began on 14 August 2007.

Next generation network seminars

Next generation networks are internet protocol-based networks which promise to be more efficient and flexible than traditional communications networks. As part of a consultancy being conducted on behalf of the Department, Access Economics conducted two industry seminars during April and May 2007 examining the potential impact of next generation networks on the Australian telecommunications environment. Feedback from industry participants at the seminars helped to inform the consultancy's consideration of next generation network issues.

Communications Sector Infrastructure Assurance Advisory Group, Information Technology Security Expert Advisory Group and Trusted Information Sharing Network

The Department provided secretariat and policy support to the Communications Sector Infrastructure Assurance Advisory Group and the Information Technology Security Expert Advisory Group. These groups form part of the Trusted Information Sharing Network. The Trusted Information Sharing Network provides advice to government on critical infrastructure protection issues and creates an environment in which Government and industry can share security information across a range of key industry sectors.

International Telecommunication Union

In the lead-up to the 2006 Plenipotentiary Conference of the International Telecommunication Union, consultation on Australia's position occurred with a wide range of both domestic and international stakeholders. Consultation began 18 months before the event which was held in November 2006. A series of meetings was held with the key government agencies and industry and stakeholder views were incorporated into Australia's position for the Conference.

Compliance with accountability standards

Throughout the year, the Department provided formal and informal advice to portfolio agencies on matters pertaining to compliance with better practice, corporate governance arrangements and meeting accountability obligations.

On 16 May 2007, Australian National Audit Office Report No. 36 *Management of the Higher Bandwidth Incentive Scheme and Broadband Connect Stage 1* was tabled in Parliament. This performance audit examined the management of the Higher Bandwidth Incentive Scheme, which operated from April 2004 to 31 December 2005, and the first stage of the Broadband Connect Program which operated from 1 January 2006 to 30 June 2006. The objectives of the audit were to examine if the Department had effectively planned and administered these programs and if the programs had achieved their objectives. The audit focused on the Department's activities to support the planning, implementation, monitoring and reporting of the programs.

The audit concluded that the programs had achieved their objective of achieving prices for higher bandwidth services in regional Australia that were comparable to metropolitan services. The Australian National Audit Office also found that the programs had achieved the supporting objective of promoting competition among higher bandwidth service providers in regional Australia, and largely achieved their objective of ensuring efficient use of funds by effectively targeting support to areas of need.

The audit found that the Department had established an appropriate management framework to administer the programs, including program guidelines that were comprehensive and provided a sound basis to guide the day-to-day operation of the programs. It also concluded that regular data speed testing was a particularly valuable initiative to ensure that providers continued to deliver quality services to customers.

While the audit concluded that the vast majority of claims for funding under the programs were valid, it also estimated that between \$10.6 million and \$12.4 million had been paid to providers for claims that were invalid or claimed at the incorrect rate. Two recommendations were made to enhance the administration of the programs. One recommendation related to reassessment of the eligibility of premises that were considered potentially ineligible, taking recovery action in relation to invalid claims and more rigorous assessment of eligibility of premises in future using independent information sources. The second recommendation related to the process for reconciling Allowable Cost Statements in providers' annual reports to the Department under the programs. The Department agreed to implement both recommendations.

Research and analysis activities that contribute to corporate objectives

The Department contributed to the Productivity Commission's research report *Public Support for Science and Innovation*, published in March 2007. The Department provided research and technical material on the role of ICT in innovation and its contribution to productivity growth, and participated in public forums. Two Departmental publications on these issues were released. *General Purpose Technologies and the Information Economy: an evolutionary approach to macroeconomic modelling*, released in July 2006, examines the effects that general purpose technologies have on Australia's pattern of productivity growth. *ICT and Productivity: Summary of DCITA Publications*, released in April 2007, summarises the extensive work undertaken by the Department in this area and was circulated to all members of Parliament.

During the year, the Department also undertook significant research into computer-aided automation with a view to publishing this work in mid-2007.

The Department provided substantial statistical and analytical benchmarking advice covering Australia's broadband performance, including in the preparation of the *Broadband Blueprint*.

Effective budget management

As identified in figure 2.21 on page 63, the overall price of output 3.1 was below budget. Included in the administered expenses budget for 2006–07 is an amount of \$13.6 billion reflecting the net loss on sale of Telstra, which was estimated on the basis of preliminary

accounting advice from the Department of Finance and Administration. Following finalisation of the accounting policy by the Department of Finance and Administration and the Australian National Audit Office, the Department recognised a net gain on the sale of assets in its 2006–07 financial statements, thus reporting a significant administered expenses variation to budget.

Managers conduct regular evaluations of budget outcomes, and commentary on variations between budget and expenditure is provided to the Executive Management Group on a monthly basis. The commentary also includes forecasting of budget trends where possible.

MANAGEMENT AND ACCOUNTABILITY



Management and accountability

The Department's three corporate areas, Corporate and Business Division, Legal Group and Finance and Budgets Group, provide operational and strategic support to the Department. These corporate areas include governance; whole-of-government policy coordination; parliamentary liaison; information technology, facilities and records management; regional network services; legal advice; freedom of information; resource management and budgeting; human resources; and public affairs.

Corporate governance

Overview

Major achievements in corporate governance included:

- + a revised Corporate Plan for 2007–08
- + the revision of the Department's key performance indicators
- + introduction of a Reconciliation Action Plan
- + the completion of a pandemic response plan which enhanced the Department's business continuity planning
- + the introduction of key performance indicators for strategic risks and the release of revised procedural rules on risk management and fraud control to improve the risk management framework
- + revised Fraud Control and Risk Management Plans for 2007–09.

To mark the 40th anniversary of the 1967 referendum, the Department developed its first Reconciliation Action Plan outlining its commitment to its Indigenous staff, clients and stakeholders. The reconciliation initiatives complement existing Indigenous programs and seek to positively influence the delivery and outcomes of our Indigenous programs and the Department's operations. The Executive Management Group will monitor the implementation of the plan and it will be reviewed each year to ensure it remains current.

Senior management and coordinating committees

Eight senior management and six cross-departmental coordinating committees operated during the year providing advice and support to the Secretary and to the Department's Executive on governance, compliance and future directions.

Figure 3.1 Senior management committees

Committee name	Role and activities	Membership as at 30 June
Executive Group (meets about every three weeks)	The Executive Group considers matters affecting the overall operation and strategic direction of the Department. In 2006–07, the group discussed a range of organisational development matters such as succession planning, learning and development opportunities for departmental staff, and improving ways of working together with other government agencies.	The Secretary (Chair), Deputy Secretaries and the Chief Operating Officer
Executive Management Group (meets weekly)	The Executive Management Group is the main forum in which the Department's governance and accountability needs are discussed. The group monitors the financial and non-financial performance of departmental and administered programs, shares information about major projects and activities in the Department, receives regular reports from the management sub-committees and contributes to the development of departmental policies and procedures.	The Secretary (Chair), Deputy Secretaries, General Counsel, all Chief General Managers, the Chief Operating Officer and the Chief Financial Officer
Audit, Risk and Evaluation Committee (five meetings held)	The Audit, Risk and Evaluation Committee, in accordance with the FMA Act, provides independent advice to the Secretary on the Department's control frameworks, externally published financial information, and on compliance with statutory obligations. The committee considered a range of issues during the year, including the Department's Internal Audit Plan, Fraud and Risk Plans, FMA Act compliance certificate, and oversight of the ANAO and internal audit report recommendations.	The Deputy Secretary Communications (Chair), Chief Operating Officer, Mr Peter Kennedy (external member until May 2007), Executive Director BroadbandNow, Chief General Manager Strategic Development and Regional Division, and General Manager Collections Branch Representatives from the ANAO, the Department's internal auditors (Protiviti), the Chief Financial Officer, General Counsel and Chief General Manager Old Parliament House and National Portrait Gallery attend committee meetings as observers

Figure 3.1 Senior management committees (continued)

Committee name	Role and activities	Membership as at 30 June
Workplace Consultative Committee (WCC) (meetings held quarterly)	<p>The WCC is established under the Department's certified agreement (CA) as a direct consultative mechanism with staff.</p> <p>WCC staff representatives provide advice to management on workplace issues and help monitor the implementation of the CA and progress toward achieving the pre-conditional salary increase components specified in the CA. During the year the WCC considered a range of issues including the development of a Mature Age Employment Strategy, the restructure of the Department, development of the Department's new Collective Agreement, and working arrangements for executive level staff.</p>	The Secretary (Chair), Chief Operating Officer, Chief Financial Officer, General Manager Human Resources and Communications, elected staff representatives from each division, Old Parliament House, the Regional Network, the Department's graduate program and relevant Union representation
Occupational Health and Safety (OH&S) Committee (meetings held quarterly)	<p>The OH&S Committee reports to the WCC on the Department's progress in meeting its OH&S responsibilities.</p> <p>The Committee reviewed, discussed and made recommendations on a range of issues throughout the year. These included training for health and safety representatives, the conduct of the Department's annual Health Week, continued incident and accident reports and actions, the revision of a number of OH&S policies and the implications of changes to the OH&S legislation.</p>	General Manager, Research, Statistics and Technology Branch (Chair), Manager HR Operations and elected health and safety representatives from each designated work group (currently 12)
Information Management Committee (IMC) (meetings held quarterly)	<p>The Information Management Committee provides advice and strategic direction to the Executive Management Group on the Department's information technology needs.</p> <p>The committee considered a range of issues during the year including the electronic records management (TRIM) system, progress reports on departmental ICT projects, development of a budgeting and reporting tool and the website and intranet infrastructure.</p>	Chief Operating Officer (Chair), General Manager, Information, Technology and Facilities Branch, senior executive representatives from each division and the Executive Coordinator

Figure 3.1 Senior management committees (continued)

Committee name	Role and activities	Membership as at 30 June
Human Resource Management Committee (HRMC) (meetings held quarterly)	The Human Resource Management Committee (HRMC) provides strategic advice and direction in the Department's human resource initiatives. The HRMC guides the development of HR strategies and is responsible for reporting to the Secretary and EMG on progress against the HR Strategic Directions 2006–10 and for monitoring the Department's progress against the Management Advisory Committee Report—Managing and Sustaining the APS Workforce. The Committee considered a range of issues including the development of a Mature Age Employment Strategy, development and implementation of a range of learning and development programs including a capability program for staff at the EL1 level, a suite of policy and analysis programs, management of the Department's compensation premium, the performance of the Department's payroll provider and consideration of workforce metrics and trends.	The Chief Operating Officer (Chair), General Manager Arts, Regional and Governance Branch, General Manager Broadband Infrastructure Branch, Chief General Manager Access and Consumer Division, Chief General Manager Content and Media, General Counsel Legal Group, General Manager Strategy Branch, Chief General Manager OPH and NPG, General Manager Corporate Finance, General Manager HR and Communications, Manager HR Strategy and the Executive Coordinator
Workplace Diversity and Harassment Committee (WDHC) (meetings held quarterly)	The WDHC promotes and supports the Department's commitments to workplace diversity and eliminating workplace harassment. The Committee monitors and reports on the implementation of the objectives of the Workplace Diversity and Eliminating Workplace Harassment (WD&H) plans. The Committee also reviewed, discussed and made recommendations on a range of issues throughout the year. These included development of the new Workplace Diversity Plan and activities associated with celebrating NAIDOC Week, Harmony Day and Reconciliation Week.	General Manager HR and Communications (Chair), Manager HR Operations, and General Manager Old Parliament House. There are also three staff representatives from the WDHC contact officers' network

Figure 3.2 Coordinating committees

Committee	Role and activities
Strategy and Research	Deals with longer term issues of significance to the Department as well as the Department's research and statistical requirements
International	Forward agenda and work to coordinate strategic aspects of the Department's profile
Connect Australia	Cross-department coordination of Connect Australia programs, <i>Broadband Blueprint</i> , 3G/CDMA and other regional programs
Indigenous	Whole-of-department coordination on Indigenous policy and program issues
Intellectual Property (IP)	Department-wide IP issues including legal deposit, Indigenous IP
Digital Content	Digital media, online and related content issues, film, digital content action agenda

Corporate planning

The 2005–08 Corporate Plan provided the broad strategic directions and key priorities for the Department relating to arts, sport, communications, information technology and the information economy.

The Corporate Plan is supported by divisional business plans detailing the key divisional outputs and activities. These plans are, in turn, linked to the Department's performance management system which guides the management of both individual and team performance.

A review of the Department's Corporate Plan was conducted during the year to reflect changes such as the Department's restructure and new policy directions including Connect Australia. A revised 2007–08 plan was produced and the Department's 2008–11 plan will be developed in 2007–08.

Audit, risk and evaluation

The Audit, Risk and Evaluation Committee met five times during the year and reported to the Secretary and the Executive Management Group after each

meeting. The Committee focused on a range of compliance issues during the year including:

- + ensuring that follow-up lessons from ANAO audits were applied across the Department
- + implementing the FMA Act Certificate of Compliance
- + the management structure for the implementation of audit recommendations
- + physical and personal security arrangements
- + monitoring the evaluation framework
- + implementing treatments identified in the fraud control and risk management plans.

Internal audit

The Department's internal audit services were provided by Protiviti and monitored by the Audit, Risk and Evaluation Committee. The 2006–07 Internal Audit Plan was based on the Department's Strategic Audit Plan 2006–09 and took into consideration the Department's strategic risks in the Risk

Management Plan and discussions with senior managers.

Internal audits conducted during the year included reviews of:

- + Indigenous Broadcasting Program management
- + asset management
- + the Public Lending Right Program
- + payroll processing
- + travel management.

The audit of the accounts payable function included in the 2005–06 internal audit plan, was finalised in 2006–07.

A number of recommendations were made in relation to the completed audits; however no serious control breaches were identified. The Department's Audit, Risk and Evaluation Committee monitored the implementation of report recommendations through six-monthly status reports.

Risk management

The Department undertook a major review of its risk management policy and guideline documents to incorporate the latest risk management standards and the outcomes from Comcover's benchmarking and risk profiling exercise. A new risk management procedural rule was released in April 2007 following the review.

A full risk review of all departmental activities was undertaken during the year, which led to a new Risk Management Plan 2007–09 released in June 2007.

The Department continued to educate and raise awareness of staff in relation to risk management as a vital element in the delivery of outcomes to the Australian Government. Discussions with Comcover were also held relating to the delivery

of specific risk management training in 2007.

The Department continued to participate in the annual Comcover benchmarking survey which measures performance in managing risk and assessing the extent of cultural change within agencies. The Department's overall results continued to improve when compared with previous years, reflecting the Department's competency in implementing an enterprise-wide risk management framework.

A pandemic response plan was also completed to enhance the Department's business continuity planning.

Fraud control

A new Fraud Control Plan for 2007–09 was completed in June 2007 that complies with the Commonwealth Fraud Control Guidelines. As part of this process the Department assessed the risk of fraud in its activities and reviewed the effectiveness of fraud control strategies.

In March 2007 the Department also revised the procedural rule on fraud control and included a fraud referral form to streamline reporting of suspected fraud incidents.

One suspected incidence of fraud was referred to the AFP during 2006–07. The investigation is ongoing. A matter referred to the AFP during 2005–06 was referred back to the Department for consideration.

Evaluation

The Department's three-year rolling evaluation program was implemented in 2005 and is updated each year. The program is currently being updated to identify future evaluations for 2008–10. The program focuses on management-initiated evaluations and takes account of evaluations undertaken by the

Australian National Audit Office (ANAO) and the Office of Evaluation and Audit (Indigenous Programs) in the Department of Finance and Administration.

The evaluation program is monitored by the Audit, Risk and Evaluation Committee. It ensures that regular program evaluations are undertaken and that the recommendations from these evaluations are implemented.

During 2006–07 the Department completed evaluations covering the following areas:

- + the Maintenance of Indigenous Languages and Records program
- + the Culture and Recreation Portal
- + Game Plan 2006
- + the National Communication Fund
- + the IT Training and Technical Support program
- + the Strategic Framework for the Information Economy
- + a review of the .au domain
- + a review of the E-security National Agenda.

External scrutiny

The ANAO issued a number of reports in 2006–07. Some involved the Department directly and others were of special or general interest to the Department. An audit was also completed by the Office of Evaluation and Audit (Indigenous Programs) (OEA) during the year. A key responsibility of the Audit, Risk and Evaluation Committee is to oversee the implementation of the recommendations contained in these reports. Details of ANAO and OEA audits, and their relationship to the Department, are at Appendix 3.

Judicial decisions and decisions of administrative tribunals affecting the operation of the Department

There were no judicial decisions or decisions of administrative tribunals that had a significant impact on the operations of the Department during 2006–07.

Commonwealth Ombudsman

During 2006–07, the Commonwealth Ombudsman received nine approaches regarding the Department, a 35.7 per cent decrease on the previous year. Five approaches were made by telephone, one in writing, one by email and two via the internet.

During the year, the Commonwealth Ombudsman closed 12 cases covering 15 issues. Of the cases closed, four cases covering five issues were investigated. There were no cases where a finding of administrative deficiency was recorded.

The Commonwealth Ombudsman made three enquiries to the Department during the year.

The first enquiry concerned a complaint by a creditor of an organisation previously funded by the Aboriginal and Torres Strait Islander Commission (ATSIC) claiming that the Department had failed to provide information to the liquidator of that organisation. ATSIC had been a creditor of this organisation. The matter was one for which the Commonwealth (as represented by the Department) was now the successor following the abolition of ATSIC. On 6 and 7 September 2006, the Department spoke by telephone with the Ombudsman's office to explain the background and status of the matter. On 12 September 2006 the Ombudsman's office confirmed by telephone that it would not pursue the matter formally.

The second enquiry related to a decision of the Department not to waive processing charges in relation to a request made under the *Freedom of Information Act 1982*. The Department provided advice to the Ombudsman's office about this matter on 5 October 2006. On 15 November 2006, the Ombudsman's office notified the Department, under section 12 of the *Ombudsman Act 1976*, that it had decided to cease their investigation of this matter.

The third enquiry related to the Broadband Connect high cost incentive program. The Department provided advice to the Ombudsman's office about this matter on 15 December 2006 and on that date the Ombudsman's office provided the Department with a verbal notification, under section 12 of the *Ombudsman Act 1976*, of its decision to cease investigating the matter.

The Department's *2005–06 Annual Report* mentioned that the Ombudsman's investigation of two matters was continuing.

The first matter related to whether the Department was responsible for the administration of the compensation and rehabilitation rights of two employees of the former ATSIC and the Department of Aboriginal Affairs. On 13 April 2006, the Department advised the Ombudsman's office that it was not responsible for this administration as the individuals concerned had not been transferred to the Department. On 28 June 2007, the Ombudsman's office notified the Department, under section 12 of the *Ombudsman Act 1976*, of its decision to cease the investigation of this matter.

The second matter related to an initial failure of the Department, subsequently rectified, to locate the minutes of the July 2004 Ausfilm Board meeting in

response to an application under the *Freedom of Information Act 1982* (FOI). On 10 April 2006 and 18 May 2006 the Department wrote to the Ombudsman's office to explain its actions in relation to this matter and to outline its guidance on searching for documents as part of its FOI guidelines. On 5 July 2006 the Ombudsman's office notified the Department, under section 12 of the *Ombudsman Act 1976*, of its decision to cease the investigation of this matter.

Parliamentary Committees

During 2006–07, the Department was involved in 20 Parliamentary Committee inquiries compared with 23 in 2005–06.

The Department coordinated the Australian Government's response to two Parliamentary Committee inquiry reports and provided input to a further four Australian Government responses. The Department made written submissions or gave evidence to 14 Parliamentary Committee inquiries.

Details of the Department's involvement in these Parliamentary Committee inquiries are at Appendix 2.

Client Service Charter

The *Client Service Charter* outlines the Department's commitment to quality service. The charter explains the standards of service that clients can expect, outlines the rights and responsibilities of clients, and provides a formal feedback mechanism. The charter is available from the Department's website at www.dcita.gov.au, or on written request to:

Client Service Manager
Department of Communications,
Information Technology and the Arts
GPO Box 2154
Canberra ACT 2601

To measure client satisfaction, the Department conducts a Client Satisfaction Survey each year. In February 2007 the Department conducted an open tender process for the consultancy to carry out the 2007–09 client satisfaction surveys. Wallis Consulting was the successful tenderer.

The objectives of the survey are to:

- + measure client satisfaction against the key performance indicators in the Department's *Client Service Charter*

- + help develop practices that will improve client service.

More than 3700 clients were identified by the Department for the 2007 survey and a sample of 2166 clients was mailed the survey questionnaire. A total of 1155 clients returned the survey representing a 53.3 per cent response rate. This is the highest response rate achieved by the Department, and it was boosted by the extended field work period and the telephone survey service offered to clients.

Figure 3.3: Outcomes of 2005–07 *Client Service Charter* satisfaction surveys

Survey category	<i>Client Service Charter</i> standard	Results (rated performance as satisfactory to excellent) %		
		2005	2006	2007
Communications with clients—quality	Courteousness	99	99	99
	Responsiveness	95	95	95
	Willingness to assist clients	98	97	95
	Fair treatment	97	97	97
	Advice that is clear, concise and complete	95	93	94
	Technical/professional competence in providing advice	96	94	95
	Sensitivity to diversity issues	96	94	95
	Overall rating	97	98	96
Telephone dealings with clients	Availability of staff to take telephone calls during the day	97	99	96
	Staff identify themselves by name and/or work area	98	99	97
	Ability of staff to deal with clients' enquiries	97	95	94
	Overall rating	97	98	96

Figure 3.3: Outcomes of 2005–07 *Client Service Charter* satisfaction surveys (continued)

Survey category	<i>Client Service Charter</i> standard	Results (rated performance as satisfactory to excellent) %		
		2005	2006	2007
Email dealings with clients	Responding to clients' enquiries as soon as possible	98	95	95
	Satisfactory responses to enquiries	97	94	95
	Overall rating	98	97	95
Written enquiries	Speed of responses to clients' enquiries	92	93	90
	Keeping clients informed of the progress of their enquiries	90	89	86
	Providing further contact details to follow up	95	95	94
	Overall rating	92	94	92
Administration of grants programs	Grant programs are adequately publicised	91	91	85
	Publicising how to apply for grants within programs	91	92	88
	Equitable access to grant programs	89	88	85
	Fair administration of grant programs in accordance with relevant guidelines, criteria regulations or legislation	89	91	91
	The speed of decision making in relation to grant applications	77	70	70
	Overall rating	88	88	89
Development and review of policy and legislation	Consultation with interested parties in good time	91	86	79
	Using appropriate processes to establish the lines of consultation	94	90	83
	Inclusion of those likely to be effected by changes in policy or legislation in the consultative process	90	85	80
	Breadth of the consultation process	85	85	79
	Overall rating	90	87	80
Total overall customer service rating		97	96	96

Management of human resources

This year has seen the continuing implementation of a number of key human resource initiatives introduced over the last two reporting periods.

These include:

- + improvements to recruitment processes and practices
- + building the bench strength of staff through quality learning and development options, particularly capability development
- + investment in the induction of new staff to improve the understanding and pace of assimilation of new staff in the Department and the Australian Public Service.

Staff survey

In July 2006, Hinds Workforce Research was engaged to conduct a staff survey. The survey was conducted between 15 and 20 November 2006 and focused

primarily on human resource, internal communication and governance issues. A 68 per cent response rate was received.

Overall, the outcomes from the survey were positive, particularly in relation to staff:

- + understanding of the APS Values and the Code of Conduct
- + being aware and committed to working in a whole-of-government context
- + identifying their roles as stimulating, using their skills, and offering variety.

An action plan has been developed to address areas of concern for staff such as improved communication and recognition of staff achievements and contributions. Implementation of the plan is being overseen by the Executive Management Group. Surveys will be conducted every two years to provide the Department with feedback on the impact of the actions taken, and to provide longitudinal human resource information to complement existing workforce data.



Some of the members of the Graduate intake for 2007: (L-R) Amanda Wright, Susie Mathews, Ryan Webb, Kate D'Assumpcao, Amber O'Shea and Luke McWilliams.



Some of the 2007 School Leaver intake: (back, L–R) Nick Tandy and Emily Roe, (middle, L–R) Caitlyn Ellwood and Tara McDonough, (front) Damien Wright.

Workforce planning

The Department has continued to report against its Workforce Plan 2005–10 which identifies the key workforce supply issues facing the Department in the medium-term. Of the workforce supply issues identified, the stabilisation of the APS1–4 classification cohort and retaining capability at the Executive Level 1 were identified as high priorities. The continuation of a very tight labour market across Australia, and particularly in Canberra, has also led to challenges in attracting and retaining staff.

Important strategic human resource initiatives have been developed to address the identified workforce supply issues. These initiatives include:

- + increasing entry-level recruitment through the doubling of the graduate intake from 2007 and continuing the School Leaver program to stabilise recruitment at the APS1–4 levels

- + designing and implementing capability development programs to build capability and help the career development of current staff
- + developing a Mature Age Employment Strategy to provide options for existing staff approaching retirement and mature age staff seeking to join the Department.

Workforce planning reports are provided quarterly to the Executive Management Group detailing staff turnover, absenteeism, internal promotion rates, age profile and separation rates by classification. The introduction of an exit survey early in 2007–08 will further complement the Department's strategic information base and contribute to a better understanding of the major attraction and retention issues for our staff.

Online induction was reviewed and restructured during the year to

improve the induction of staff into the Department. Further development is being undertaken in 2007–08 which will include the implementation of online learning modules. The revised online induction will be a prerequisite for face-to-face induction sessions which will commence in November 2007.

Staffing overview

On 30 June 2007, the Department had 888 ongoing and non-ongoing staff, compared with 773 on 30 June 2006. This is a 14 per cent increase in the overall number of staff in the Department and reflects increased workload, such as from the expansion of the Connect Australia programs, and the establishment of the Gallery of Australian Democracy at Old Parliament House. This trend is shown in figure 3.4 below.

Detailed staffing statistics are provided in Appendix 5.

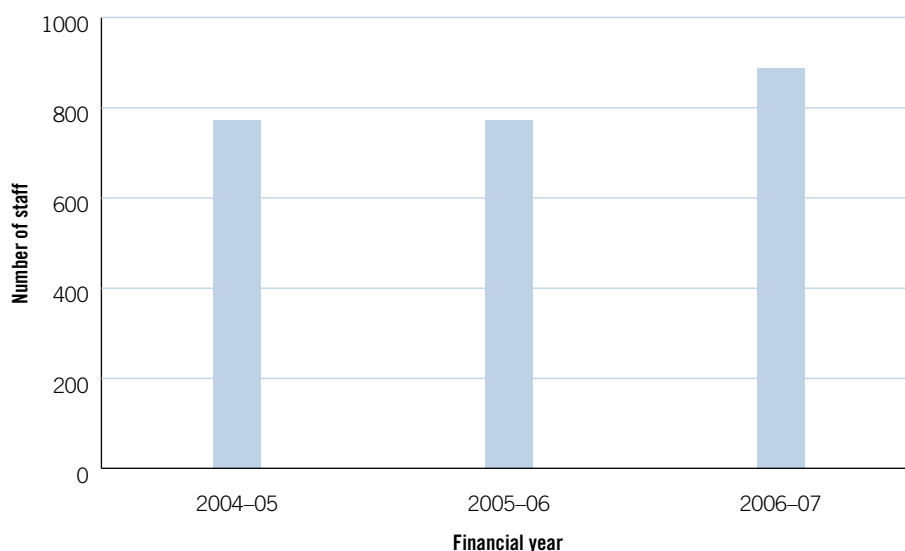
Staff numbers increased across nearly all classification levels. Part time staff numbers continued to increase during the period, showing a continuing support of flexible working arrangements. The Department continues to have staff located in Indigenous Coordination Centres in all states and territories.

Workplace diversity

The Department is committed to creating an inclusive work environment that is free from harassment and that enables staff to contribute to their full potential. The Department's Workplace Diversity and Eliminating Workplace Harassment plans outline complementary initiatives that assist the Department to build a harmonious, productive and rewarding workplace.

The Workplace Diversity and Harassment Committee continued to monitor the implementation of the objectives and

Figure 3.4 Number of departmental staff



strategies outlined in the plans. A key outcome was the approval of the Workplace Diversity Plan 2007–10 and the new Eliminating Workplace Harassment Plan to be released early in 2007–08.

The Department's workplace diversity and harassment contact officers continued to contribute to the promotion of workplace diversity principles and to provide advice and support to management and staff. There were two formal harassment complaints in the year and four informal matters. In contrast, the organisational survey indicated that 21 per cent of staff surveyed had experienced harassment and 29 per cent of staff surveyed had witnessed harassment.

Full details of the Department's workplace diversity statistics are provided in Appendix 5.

Women represented 60.9 per cent of total staff at 30 June 2007. This is consistent with the previous reporting year and remains higher than the APS average of 55.8 per cent¹. Of the Department's SES, 27 per cent are women. This represents a decrease of one per cent from the last reporting period and is 7.8 per cent less than the APS average of 34.8 per cent².

Eighty-five per cent of staff volunteered diversity data, representing an increase from 71 per cent in 2005–06.

Of the staff who volunteered diversity data, 15.3 per cent identified themselves as being from diverse cultural and linguistic backgrounds. The percentage identifying themselves as being from an Aboriginal or Torres Strait Islander (ATSI) background was 3.7 per cent,

representing an actual decrease of four staff from the last reporting period. The percentage of staff identifying themselves as having a disability was 1.2 per cent, which is an increase of four staff from the previous reporting period.

In comparison with average APS statistics, the Department compares well in relation to staff from an ATSI background. The decrease in ATSI identified staff is in line with the APS wide trend in this area.

The Department does not compare as well in relation to people with a disability (PWD). This comparison is shown in figure 3.5³. Action will be taken in 2007–08 to address this.

Certified agreement

The Department's certified agreement expired on 30 June 2007. Negotiations for a new certified agreement began in November 2006 and agreement was reached in June 2007. Of eligible staff, 58 per cent participated in the ballot and a 94 per cent 'yes' vote was achieved.

The new agreement offers pay rises of 4.1 per cent over the three years of the agreement, and 1.5 per cent of the pay rise is linked to completion of performance management discussions and attendance at core learning and development programs and courses. There were also some improvements in conditions of service such as 14 weeks maternity leave and adoption leave, both with pay.

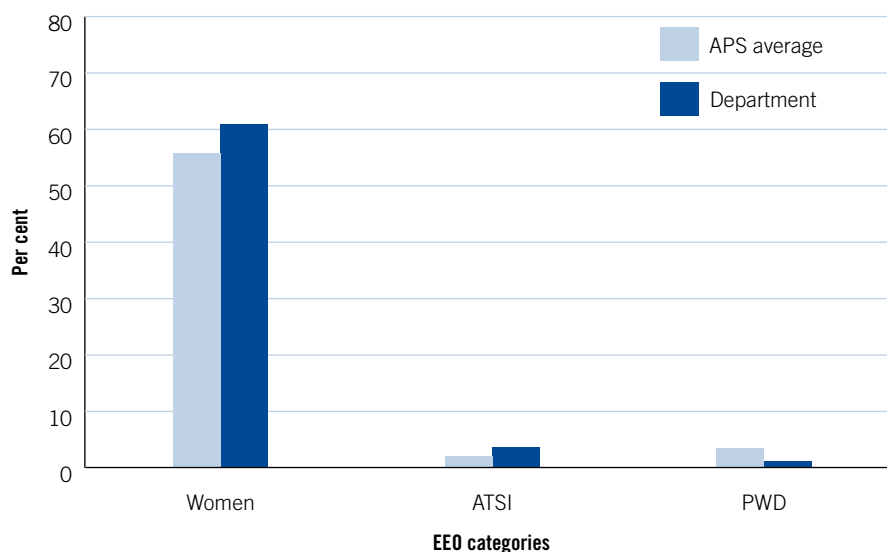
All commitments under the previous certified agreement were met, including a review of the Department's performance

1 Australian Public Service Commission, *State of the Service Report 2005–06*, p.25.

2 Ibid, p.32.

3 No comparison could be provided under DCLB 1&2 with the *State of the Service Report* as it provides information on 1 only. (DCLB 1 & 2 refer to people from diverse cultural and linguistic backgrounds, first and second generation)

Figure 3.5 Comparison of workplace diversity figures with APS average



management system, the introduction of executive level working arrangements, and the development of a Mature Age Employment Strategy.

Australian Workplace Agreements (AWAs)

Senior Executive Service (SES) AWAs and remuneration

All SES in the Department are covered by comprehensive AWAs that set remuneration, including superannuation, performance based pay and general conditions of service, including the executive vehicle scheme.

Non-SES AWAs

Non-SES AWAs provide a range of benefits including access to performance-based pay, individual salary, skill/responsibility components and/or non-salary items.

While the majority of AWAs apply to executive level staff, AWAs are in place for some APS5 and APS6 levels. All non-SES are able to ask for an AWA.

Performance payments

One-off performance bonus payments are available only to staff who are party to an AWA. Provision of a bonus is dependent on an individual performance assessment outcome of 'very good' or 'outstanding'. Bonus payments are determined from the performance outcome and the sliding scale of payment outcomes provided through the AWA.

Movement through the non-SES salary ranges for each classification is also dependent on performance. Staff are not eligible for advancement unless a performance agreement has been developed and their performance has been assessed as being 'good' or higher.



Participants of the third Manager Development Program celebrated their graduation on 12 April 2007. The graduation involved the group presenting their team's findings on a nominated topic and the presentation of certificates by Lynn Bean, Acting Deputy Secretary, Arts and Sport. Also pictured (back left) is Lindsay Barton, who supported participants throughout the program as the SES sponsor.

Key staff development strategies

The design and rollout of capability development programs continued to be the focus this year. Completion of the design and development of the Senior Management Capability Program for Executive Level 1 staff was achieved. The two programs run during the year received excellent feedback. Delivery of capability development programs for APS1–4 and APS5–6 level staff continued throughout the year. Design of the Executive Level 2 program will be finalised early in 2007–08.

Tailored core training courses addressing key business skills were delivered during the year. Courses included ministerial writing, legal awareness and APS Values and the Code of Conduct training for

APS 1–6 staff, leading ethically training for executive level staff and Indigenous cultural awareness programs for all staff.

Two programs were designed and delivered specifically for the needs of the regional network: a writing program and a course developed to aid understanding of financial statements. Legal and Indigenous cultural awareness programs were delivered to the network during July 2007.

Occupational Health and Safety

The Occupational Health and Safety Committee has continued to drive occupational health and safety issues, particularly the Department's Health Week, workplace hazard inspections and

the ongoing training of new Health and Safety Representatives.

The Department's fourth Health Week was held in March 2007 and again proved successful. The theme for the week was Eat Well + Play Well = Live Well and the activities emphasised more active participation and healthy eating.

There were relatively few work-related injuries reported. The majority of the Department's injuries in 2006–07 came under the Comcare categories of 'falls, trips and slips' and 'body stressing'. The average lifetime claim cost for 2006–07 claims was estimated at \$8810 (a decrease of \$8982 from the revised estimate for the previous year) and compared favourably to the all-agencies estimated average for 2006–07 of \$23 581. The number of accepted claims in 2006–07 was 12, the same as for the previous year. The Department's claim frequency (claims per \$million payroll) was 0.25 compared to the all-agencies average of 0.39.

The continuation of effective rehabilitation and compensation claim management has seen a further reduction in the Department's compensation premium. The premium was reduced by 0.16 per cent over the year to 0.95 per cent, which is lower than the all-agencies rate of 1.55 per cent. This represents a total reduction of 0.61 per cent since 2004.

There were five incidents reported to Comcare under section 68 of the *Occupational Health and Safety Act 1991*. There was one investigation conducted and one notice issued under section 47 of the *Occupational Health and Safety Act 1991* but no directions or notices issued under sections 29, 45 or 46.

Information technology and facilities

In September 2006, 900 new voice over internet protocol (VoIP) based phones were deployed to all staff. The new phones were selected following the completion of an open tender process in June 2006. The system allows for the consolidation of voice, data and email services.

To further tie together communication media, the Department also implemented desktop facsimile functionality which allows staff to efficiently access their external communications from a single desktop interface.

A new system for managing the entry and exiting of staff to the Department was successfully implemented over this reporting period. The system is now used as a critical corporate application, and assists the Department in ensuring the security of the physical and information environments is maintained and managed. Complementary to the deployment of the entry and exit system, the Department has upgraded its electronic access control system to further enhance building security.

The Department's website underwent a graphical redesign and a restructure of its underlying information architecture. This provided a more user-friendly environment for access to the Department's information and services on the internet and a more flexible structure for future change and enhancement. The website is continually being reviewed based on user feedback, through processes such as the annual client survey, and changing requirements.

The Information Management Committee met on three occasions where it provided oversight of ICT projects underway

and reviewed ICT bids for the next budget period.

Two capital works projects were commenced during the reporting period. The first was a refurbishment of the front foyer of the Department's main premises at 38 Sydney Avenue, Canberra to provide enhanced conference facilities, library and service areas and security controlled entry to the building. The second was the fit-out of premises for the Digital Australia Division located at 31 Market Street, Sydney. The foyer refurbishment is due for completion in October 2007 and the Digital Australia office was completed in mid-August 2007.

Regional network

The regional network, which is located throughout Australia in the Indigenous Coordination Centres (ICCs), continued to focus on cross-government program delivery and identifying opportunities to participate in Shared Responsibility Agreements under the broadcasting, sport and recreation, language and arts and culture Indigenous programs. This network was also responsible for monitoring more than 500 activities and participating in 25 Shared Responsibility Agreements during the reporting period. Approximately 70 staff were employed in the network during the year located in 20 of the 30 ICCs and the Canberra Office.

The network structure was regularly reviewed during the year as positions became vacant with the aim of strengthening the staffing structure and aligning the structure with the Department's program activity. The ongoing restructuring is allowing the Department to consolidate staffing resources in key ICCs which will facilitate improved service to clients.

Legal services

During the year, internal legal advice for the Department was provided by the Legal Group and supplemented by advice from external sources including the Australian Government Solicitor, Blake Dawson Waldron, Clayton Utz, Sparke Helmore, Corrs Chambers Westgarth, Minter Ellison and DLA Phillips Fox, under deeds of standing offer administered by the Legal Group.

Legislation and statutory instruments

The Legal Group worked on 16 bills which were passed or introduced, and six regulations which were made during the year. The Legal Group drafted 22 other subordinate statutory instruments and a number of appointment instruments. Appendix 4 sets out full details of major legislation that required significant input from the Legal Group during the year.

Other legal services

During the year, the Legal Group provided advice, together with external legal providers, concerning the Connect Australia package. The Legal Group also assisted with the preparation and review of guidelines for the Australian Broadband Guarantee program.

In addition, the Legal Group advised on the development of policy and legislative schemes for:

- + digital radio
- + regulation of content on convergent mobile devices.

The Legal Group also advised on:

- + the Do Not Call Register scheme
- + the allocation of Channel A and Channel B datacasting transmitter licences
- + the Protecting Australian Families Online project

- + the Australian Law Reform Commission's review of the *Privacy Act 1988*
- + a broad range of procurement and contracting activities
- + the longer term investment strategy for the Communications Fund Special Account
- + the establishment of the Regional Telecommunications Independent Review Committee.

The Legal Group also participated in the Working Group on Telstra's CDMA to 3G transition and in the management of the Department's T3 due diligence obligations in relation to the sale of most of the Commonwealth's remaining equity in Telstra.

The Legal Group was closely involved in the preparation of amended drawing rights in relation to the investment of money standing to the credit of the Communications Fund Special Account, which came into effect on 30 March 2007 and in the preparation of updates to the Chief Executive's Instructions and Financial Delegations setting out financial management responsibilities in the Department, and a number of procedural rules.

Administration and liaison functions

The Legal Group also performed a departmental coordination and liaison role in relation to legislation bids, regulation impact statements, implementation of the *Legislative Instruments Act 2003* and registration of legislative instruments on the Federal Register of Legislative Instruments, Freedom of Information (FOI) requests and privacy issues. A total of 32 FOI requests were received during the year.

Procurement advice and contracts reporting

Provision of procurement advice to the Department and reporting on contracts is the responsibility of the Procurement Advisory Unit in the Legal Group.

During the year, the Procurement Advisory Unit provided procedural advice about the calling of tenders and contract documents used by the Department and coordinated the Department's reporting on contracts to meet various accountability requirements.

Further development of the intranet site, which provides a higher, more focused level of support to departmental staff, has been undertaken including a comprehensive review of the current content and extensive improvements to both content and workflow.

The Exari Smart Document project is nearing completion. The project enables the inclusion of internal documents, including standard agreements and market approach documents, within an online document development software toolset. All the primary procurement documents have been completed and are currently in use in MS Word format. Final modification to the online documents is underway and expected to be completed shortly. Once finalised, the online system will be available to the Legal Group with a view to implementation in the line areas at a later date.

Mandatory reporting of all contracts over \$2000 within the Department's Central Contracts Register (CCR) is undertaken. The procedural rules relating to procurement were revised in August 2006 and May 2007, producing a higher level of clarity for departmental staff dealing with procurement.

Changes to the gazettal process with the implementation of AusTender II (the Australian Government's online

tender system) from 1 July 2007 has necessitated a further review of the Department's internal processes and rules regarding procurement and procurement reporting.

Purchasing

The Department seeks to achieve value for money in all procurement processes and to ensure that the processes are consistent with the requirements of the Commonwealth Procurement Guidelines issued by the Department of Finance and Administration and amended from time to time.

Consultants

The Department's policies on the selection and engagement of consultants are based on the Commonwealth Procurement Guidelines, the Chief Executive Instructions, and Australian Government policies. The Department complies with all Australian Government legislation, policies and guidelines relating to procurement.

The Department's internal policies are flexible and are based on a relatively decentralised model. Greater responsibility and accountability is achieved by giving divisions responsibility for developing requirements and managing contracts. However, important checking and control mechanisms are in place. A senior officer in the relevant division must approve any consultancy contract, and the Legal Group provides, on request, advisory and administrative support to project officers who are involved in contracting.

The Department's selection procedures are based on contract value, market conditions, and the nature of the particular requirement. Procurements of \$80 000 or greater are offered publicly

in accordance with the mandatory procurement requirements by advertising on the AusTender website and in the press, or through the use of established panels. For consultancies of a lower value, or where market conditions or other special circumstances make it appropriate, the Department may use alternate methods including the various forms of select tender process.

Consultants are engaged for a wide variety of purposes in the Department. They are typically engaged to provide complex professional services that the Department does not have the ability to perform in-house. These services include matters such as technical advice, financial advice and specialised information technology services.

Figures 3.6 and 3.7 outline the Department's expenditure on consultancy contracts over the three most recent financial years.

Further details are provided in the consultancy list available on the Department's website www.dcita.gov.au. Information on expenditure on contracts and consultancies is also available on the AusTender website www.tenders.gov.au

Competitive tendering and contracting

There are no competitive tendering and contracting contracts let of \$100 000 or more (inclusive of GST) that do not provide access to the contractor's premises for the Auditor-General.

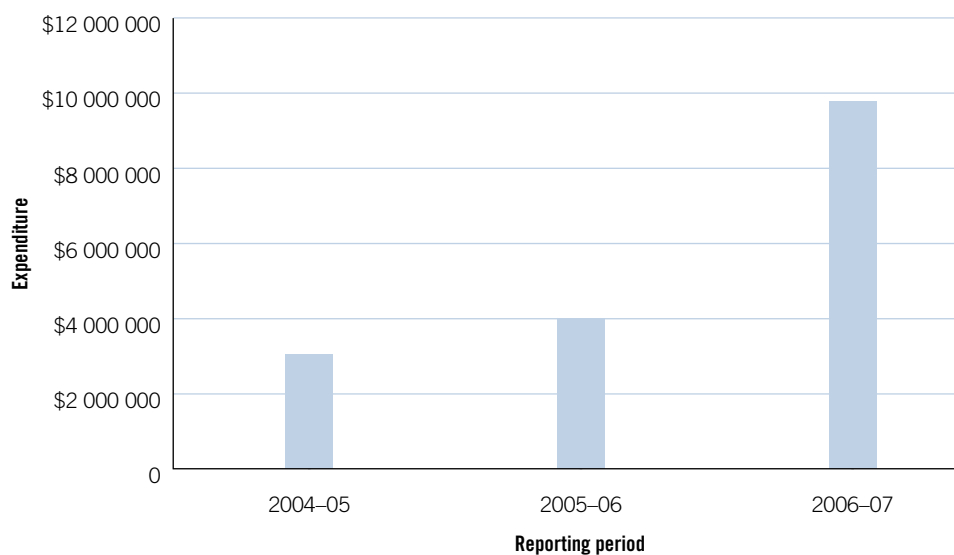
Exempt contracts

There are no current contracts or standing offers that have been exempted by the Secretary from being published on AusTender on the basis that they would disclose exempt matters under the *Freedom of Information Act 1982*.

Figure 3.6 Expenditure on consultancy contracts over the three most recent financial years

A.	New consultancy contracts let during period	271
B.	Total expenditure on new consultancy contracts let during period	\$9 771 562.44
C.	Number of ongoing (pre-existing) consultancy contracts active during the period	41
D.	Total expenditure on ongoing (pre-existing) consultancy contracts during period	\$1 407 824.29

Figure 3.7 Expenditure on consultancy contracts 2004–05 to 2006–07



Financial management

The Department has continued to focus on enhancing its financial and budgetary management practices and processes during the year. The Department decided in 2005–06 to replace the multiple systems (mainly Microsoft Excel and Access) currently used to support the Department's budgeting and reporting with an integrated Budgeting and Reporting Tool to streamline the existing processes.

Significant progress has been made towards the design and development of the Budgeting and Reporting Tool and elements are expected to be progressively rolled out to the Department during 2007–08.

The Department has also continued to implement improvements to the Financial

Management Information System (SAP) that will improve the underlying data for the Budgeting and Reporting Tool.

To support the new Certificate of Compliance requirements of the Department of Finance and Administration, the Department developed and implemented an integrated Compliance, Accountability and Assurance Sign-Off (CAAS) document and process. This provides a more structured framework and improves managers' understanding of the compliance requirements including the *Financial Management and Accountability Act 1997*, the Chief Executive Instructions, procedural rules and corporate and legal responsibilities. Improvements to the document will be an ongoing process.

Case Study

Improving budgetary and reporting information

Financial and budgetary systems need to be robust and responsive to evolving organisational and business requirements. In 2005–06 the Department began planning a new Budgeting and Reporting Tool (BART). BART will replace the existing processes and data storage which relies on Excel spreadsheets with a more robust and integrated database.

The project began in 2006 and was broken into five modules: internal and external reporting, internal and external budgeting, and financial statements. The project is governed by a Steering Committee which provides regular updates to the Department's Information Management Committee and Executive Management Group.

Detailed functional design documents have been completed for each module, and the internal budgeting and reporting prototypes have been developed and are being tested.

BART will be progressively rolled out during 2007–08 and training will be provided to staff before each module goes live.

The Finance and Budgets Group provides advice to program areas and portfolio agencies on budgetary and financial matters. During the year, financial management training sessions were provided to departmental staff in the areas of taxation, budget preparation, operational accounting, chart of accounts and financial reporting.

The Department monitors ANAO audit reports and implements recommendations where appropriate to the Department.

The Department received an unqualified audit report for its financial statements for the 2006–07 financial year. The ANAO noted that supporting working papers prepared by DCITA were of a very high quality. In addition, the ANAO noted that this is the fourth consecutive year that all matters raised at interim audit have been satisfactorily cleared by the Department and there are no ANAO audit findings to report.

The Department's income for 2006–07 totalled \$155.745 million. Details of revenue categories are listed in figure 3.8 below.

At the end of 2006–07 the Department recorded a \$25.364 million surplus predominantly due to delays in the NetAlert—Protecting Australian Families Online media campaign, the set up of the Digital Australia office, expenditure on projects and increased donations in revenue for the National Portrait Gallery Special Account.

Asset management

Departmental

The Department manages both current and non-current assets in accordance with guidelines set out in the Chief Executive Instructions and Australian Accounting Standards.

Artbank

Artbank's assets comprise more than 9600 works valued at over \$30 million. Artbank operates from leased premises in Sydney and Melbourne.

As part of the national art rental scheme, more than 69 per cent of Artbank's collection is on display with clients

Figure 3.8: Departmental income

Income item	2006–07 result \$m	% of total income
Revenue from Government	146.552	94.09
Sale of goods and rendering of services	3.170	2.04
Rent	0.865	0.56
Royalties	0.016	0.01
Other revenue	4.724	3.03
Sale of assets	0.007	0.01
Other gains	0.411	0.26
Total	155.745	100.00

throughout Australia and overseas at Australian embassies and high commissions. The Artbank collection is managed through an ongoing conservation strategy.

National Portrait Gallery

The National Portrait Gallery, which is located within Old Parliament House and has a temporary display facility at Commonwealth Place in Canberra, has a permanent collection valued at \$17.2 million. The collection is housed on the Old Parliament House site and items not on display are stored in climate and humidity controlled facilities.

Other assets

The Department has leasehold improvements and furniture and fittings valued at \$6.1 million.

The Department also has software and computer and office equipment valued at \$5.2 million. These assets are managed in accordance with the Department's Information and Communications Technology Strategic Plan 2006–08.

Administered

Old Parliament House

Asset management is integral to the operation of Old Parliament House. The building has a depreciated replacement cost of \$50.9 million, and on the basis of reinstatement with new value for insurance purposes of \$139.6 million. It has a significant collection of furniture associated with the building's history valued at \$4.3 million and mostly housed on-site.

As Old Parliament House is on both the Commonwealth Heritage List and National Heritage List, it is conserved according to the *Environment Protection*

and Biodiversity Conservation Act 1999. Specific policies and strategies are outlined in the Old Parliament House Conservation Plan 2000 and specific heritage studies are undertaken for major projects. A new Heritage Management Plan, which will replace the existing Conservation Management Plan, was being developed during 2006–07 and will be released in 2007–08. These plans ensure that the heritage value of the building is preserved, even though the public can enter and use the site. Old Parliament House is also being refurbished and maintained in accordance with its long-term capital works plan.

National Institute of Dramatic Art

The National Institute of Dramatic Art's facilities are owned by the Commonwealth. Stage 1, completed in 1988, has two theatres, five rehearsal rooms, costume and property workshops, teaching spaces and administration offices. Stage 2, an award-winning building funded under the Federation Fund and opened by the Prime Minister in October 2001, includes a 730-seat theatre, 120-seat studio, soundstage, library, scenery workshop and four additional rehearsal rooms. The building has a depreciated replacement cost of \$36.6 million, and on the basis of reinstatement with new value for insurance purposes of \$65.1 million. The Institute manages the building on the Australian Government's behalf and a 10-year asset management plan for the site was completed in December 2003.

APPENDICES



Appendix 1

Portfolio agency contact details

Australia Business Arts Foundation Ltd

Tel: 03 9616 0300 Fax: 03 9614 2550
information@abaf.org.au
www.abaf.org.au

Australian Broadcasting Corporation

Tel: 02 8333 1500 Fax: 02 8333 5344
www.abc.net.au

Australian Communications and Media Authority

Tel: Canberra 02 6219 5555, Melbourne 03 9963 6800, Sydney 02 9334 7700
 Fax: Canberra 02 6219 5200, Melbourne 03 9963 6899, Sydney 02 9334 7799
www.acma.gov.au

Australia Council

Tel: 02 9215 9000 Fax: 02 9215 9111
mail@ozco.gov.au
www.ozco.gov.au

Australian Film Commission

Tel: 02 9321 6444 Fax: 02 9357 3737
info@afc.gov.au
www.afc.gov.au

Australian Film, Television and Radio School

Tel: 02 9805 6611 Fax: 02 9887 1030
infonsw@aftrs.edu.au
www.aftrs.edu.au

Australian National Maritime Museum

Tel: 02 9298 3777 Fax: 02 9298 3780
info@anmm.gov.au
www.anmm.gov.au

Australian Postal Corporation

Tel: 03 9204 7171 Fax: 03 9663 1160
www.auspost.com.au

Australian Sports Commission

Tel: 02 6214 1111 Fax: 02 6251 2680
asc@ausport.gov.au
www.ausport.gov.au

Australian Sports Anti-Doping Authority

Tel: 02 6206 0200 Fax: 02 6206 0201
asada@asada.gov.au
www.asada.gov.au

Bundanon Trust

Tel: 02 4422 2100 Fax: 02 4422 7190
visits@bundanon.com.au
www.bundanon.com.au

Film Australia Limited

Tel: 02 9413 8777 Fax: 02 9416 5672
web@filmaust.com.au
www.filmaust.com.au

Film Finance Corporation Australia Limited

Tel: 02 9268 2555 Fax: 02 9264 8551
ffc@ffc.gov.au
www.ffc.gov.au

National Archives of Australia

Tel: 02 6212 3600 Fax: 02 6212 3699
archives@naa.gov.au
www.naa.gov.au

National Gallery of Australia

Tel: 02 6240 6411 Fax: 02 6240 6529
information@nga.gov.au
www.nga.gov.au

National Library of Australia

Tel: 02 6262 1111 Fax: 02 6257 1703
www.nla.gov.au

National Museum of Australia

Tel: 02 6208 5000 Fax: 02 6208 5099
information@nma.gov.au
www.nma.gov.au

NetAlert: note NetAlert has merged with the Australian Communications and Media Authority.

Special Broadcasting Service Corporation

Tel: 02 9430 2828 Fax: 02 9430 3047
comments@sbs.com.au
www.sbs.com.au

Appendix 2

Parliamentary committees

The Department's involvement in the following parliamentary committees ranged from preparing or providing input to Australian Government responses, to appearing before and/or making written submissions to the committees.

House of Representatives Standing Committee on Communications, Information Technology and the Arts

From reel to unreal: inquiry into the future opportunities for Australia's film, animation, special effects and electronic games industries

Tabled: 21 June 2004

No Government response as at 30 June 2007

This report examines the future opportunities for Australia's film, animation, special effects and electronic games industries. The Australian Government is considering its response taking account of the Digital Content Industry Action Agenda Report which was released on 13 March 2006 and initiatives arising from the 2007–08 Federal Budget, in particular the introduction of the film package.

Inquiry into the uptake of digital television in Australia

Tabled: 13 February 2006

No Government response as at 30 June 2007

This report examines the rollout, uptake and technological issues relating to digital television. The Australian Government is considering its response.

Inquiry into community broadcasting

On 19 January 2006, the Minister for Communications, Information Technology and the Arts, Senator the Hon Helen Coonan, asked the committee to inquire into and report on issues pertaining to community broadcasting in Australia.

The Department appeared before the committee on 1 March 2006 to provide a private briefing. The Department made a submission to the inquiry about the community broadcasting sector and the legislation that governs it. The Department also made further appearances before the committee on 13 September 2006 and 1 November 2006.

In February 2007, the committee released an interim report, *Community Television: Options for Digital Broadcasting*. In June 2007, the committee released its final report, *Tuning in to Community Broadcasting*. The Australian Government is currently considering its response to the committee's recommendations.

Senate Standing Committee on Environment, Communications, Information Technology and the Arts

Inquiry into the Broadcasting Services Amendment (Media Ownership) Bill 2006 and related bills

The Senate referred a suite of media reform bills, comprising the Broadcasting Services Amendment (Media Ownership) Bill 2006; the Broadcasting Legislation Amendment (Digital Television) Bill 2006; the Television Licence Fees Amendment Bill 2006 and the provisions of the Communications Legislation Amendment (Enforcement Powers) Bill 2006 and a discussion paper by the

Minister for Communications, Information Technology and the Arts, Senator the Hon Helen Coonan on the two channels of spectrum for new digital services to the committee for inquiry and report by 5 October 2006. The Senate granted an extension until 6 October 2006.

Seventy-one submissions were received from interested parties, and public hearings were held on 28 and 29 September 2006. Nineteen witnesses appeared before the committee across the two hearing days. The Department appeared before the committee on both days.

The Australian Government responded to the committee's recommendations through the legislative provisions in the media reform bills.

About time! Women in sport and recreation in Australia

Tabled: 6 September 2006
No Government response as at 30 June 2007

The committee's inquiry into women in sport and recreation in Australia was initiated on 29 March 2006. The Department made a submission and appeared before the committee on 3 August 2006.

The report examined the health benefits of women participating in sport and recreation activities, the accessibility for women of all ages to participate in organised sport, fitness and recreation activities, the portrayal of women's sport in the media and women in leadership roles in sport.

The Department was responsible for coordinating the Australian Government's response to the 18 recommendations in the report. The recommendations focused on improving media coverage of women's sport, encouraging women to

take on leadership roles and improving the opportunities for, and removing some of the barriers to, women's participation in sport from community to elite levels. While many of the actions recommended are the responsibility of Australian Government agencies, in a number of cases, action by state and territory governments or at a local government level was proposed.

The Australian Government is finalising its response which will be tabled in due course.

Indigenous Arts—Securing the Future: Australia's Indigenous visual arts and craft sector

Tabled: 20 June 2007
No Government response as at 30 June 2007

On 15 August 2006, the Australian Government announced a parliamentary inquiry into the Indigenous visual arts and craft sector following allegations of exploitation and inappropriate business practices in the industry. The inquiry made 29 recommendations on strategies and mechanisms to strengthen the sector. These included increasing current levels of Government support for operational activities and infrastructure and promoting and supporting ethical practices.

The Department provided a submission to the inquiry outlining relevant programs within the portfolio and also provided supplementary information on a number of issues at the committee's request. The Department also appeared before the committee on 9 February and 10 April 2007.

The Australian Government is considering its response to the report.

Inquiry into the Broadcasting Legislation Amendment (Digital Radio) Bill 2007 and Radio Licence Fees Amendment Bill 2007

Tabled: 7 May 2007

The majority report recommended that the Bills be passed.

The Bills passed without amendment on 10 May 2007.

At the request of the Chair, Senator Alan Eggleston, the Department provided written comment on a number of issues raised in the conduct of the inquiry. The material was incorporated at Appendix 2 to the committee's report. Hearings were not held.

Communications Legislation Amendment (Content Services Bill) 2007

On 10 May 2007, the Senate referred the Communications Legislation Amendment (Content Services) Bill 2007 to the committee for inquiry and report by 12 June 2007.

The Department appeared before the committee on 1 June 2007.

The committee recommended that the Bill be passed and noted that certain technical amendments proposed by industry stakeholders were being considered by the Australian Government.

Joint Standing Committee on Foreign Affairs, Defence and Trade

Review of the Australia-New Zealand Closer Economic Relations (CER) Trade Agreement

Tabled: 7 December 2006

Government response tabled
17 May 2007

In March 2006, the Minister for Trade, the Hon Mark Vaile MP, asked the committee to examine and report on Australia's trade and investment relations under the CER Trade Agreement, with particular emphasis on likely future trends in these relationships and complementary approaches by the two governments.

In June 2006, the Department provided a submission to the committee covering communications, information technology, arts and sports activities in New Zealand and engagement by the portfolio in New Zealand.

The committee made two recommendations relevant to the Communications, Information Technology and the Arts portfolio:

Recommendation 3

The committee recommends that a Telecommunications Ministerial Council be established.

Recommendation 4

The committee recommends that telecommunications be placed on the CER Work Program at the earliest opportunity.

The Australian Government did not agree that a formal Ministerial Council be established, although noted that there are existing opportunities for regular Ministerial meetings and that such meetings are valuable. The Australian Government also agreed to give further consideration to placing telecommunications on the CER Work Program.

Inquiry into Australia's relationship with the Republic of Korea

Tabled: 14 August 2006
No Government response as at 30 June 2007.

The inquiry was established on 7 April 2005 to inquire into Australia's relationship with the Republic of Korea including developments on the Korean peninsula. The committee reviewed political, strategic, economic (including trade and investment), social and cultural issues, and considered both the current situation and opportunities for the future.

On 3 June 2005, the Department provided a submission to the committee covering communications, information technology, arts and sports activities in Korea and engagement by the portfolio with Korea.

The Department appeared before the committee on 31 August 2005 to provide information regarding the Department's engagement with Korea on arts and sport issues and activities.

Inquiry into Australia's relationship with Malaysia

Tabled: 26 March 2007
No Government response as at 30 June 2007

The Department provided a written submission on 22 August 2006.

The Department appeared before the committee on 16 October 2006.

The report made three recommendations, two relating to the trading and investment relationship and one relating to migration and people movement. No recommendations related to this portfolio.

House of Representatives Standing Committee on Science and Innovation

Inquiry into pathways to technological innovation

Parliamentary paper tabled:
19 June 2006
Interim Government response tabled:
November 2006

The Department is a member of the IDC developing the final Australian Government response.

The Department provided a written submission in June 2005.

The Department appeared before the committee on 5 December 2005.

The report provided 18 recommendations relating to:

- + innovation and commercialisation—policy and program framework
- + human capital—knowledge and skills
- + connecting knowledge, people and markets
- + lifecycle support and funding for innovation and commercialisation.

House of Representatives Standing Committee on Economics Finance and Public Administration

Servicing our future: inquiry into the current and future directions of Australia's services export sector

Tabled: 18 June 2007
No Government response as at 30 June 2007

This report examines the current and future directions of Australia's services export sector.

The Department provided a submission to the inquiry on 21 December 2006. The Department's submission emphasised the increasing linkages between service innovation and information and communications technologies, in the context of research undertaken or commissioned by the Australian Government. The report makes recommendations in relation to the overall emphasis of the services sector with Government, inbound tourism, skills shortages, and marketing/branding issues, amongst others.

Joint Standing Committee on Electoral Matters

Report on the 2004 Federal Election

Tabled: 10 October 2005
Government response tabled
30 August 2006

The inquiry examined the conduct of the 2004 Federal Election and related matters. The committee made a number of recommendations affecting the operations of Australia Post, especially about improving the operations of the postal voting system.

In accordance with the Australian Government response, relevant negotiations with Australia Post have been completed.

Inquiry into Civics and Electoral Education

Tabled: 18 June 2007
No Government response as at
30 June 2007

The Department will be providing input to the Australian Government response to this report.

Joint Standing Committee on Treaties

Instrument amending the Constitution of the International Telecommunication Union (Geneva, 1992) and Instrument amending the Convention of the International Telecommunication Union (Geneva, 1992).

Report yet to be tabled.

The Department appeared before a public hearing of the committee on 18 June 2007.

The hearing considered amendments to the Treaty level Constitution and Convention of the International Telecommunication Union as amended at Antalya, 2006.

House of Representatives Standing Committee on Agriculture, Fisheries and Forestry

Taking Control: a national approach to pest animals

Tabled: 28 November 2005
No Government response as at
30 June 2007

The inquiry examined the impact of pest animals on agriculture. The committee made a specific recommendation seeking amendment of the *Australian Postal Corporation Act 1989* to allow state and territory governments to inspect interstate mail for quarantine purposes.

The Australian Postal Corporation Amendment (Quarantine Inspection and Other Measures) Bill 2007, which was introduced into the Parliament on 20 June 2007, will implement the committee's recommendation. Debate on the Bill had not commenced as at 30 June 2007.

Senate Standing Committee for the Scrutiny of Bills

Communications Legislation Amendment (Content Services Bill) 2007

Committee comment on Bill:
13 June 2007

The committee noted and sought advice on the reasons for the 12 month delayed commencement period for the implementation of Schedule 2 of the Bill which deals with the regulation of premium telephone services under the new scheme. The Minister for Communications, Information Technology and the Arts, Senator the Hon Helen Coonan responded to the committee on 19 June 2007.

Datacasting Transmitter Licence Fees Bill 2006

Committee comment on Bill:
18 October 2006

The committee reviewed the media reform package and sought comment from the Minister for Communications, Information Technology and the Arts, Senator the Hon Helen Coonan on the Datacasting Transmitter Licence Fees Bill 2006. The Minister wrote in response to the committee's request on 27 November 2006. The committee published the Minister's response in the Committee's Eleventh Report of 2006, 29 November 2006.

Senate Standing Committee on Regulations and Ordinances

Broadcasting Services (Digital Television Format Standards) Repeal Regulations and the Broadcasting Services (Digital Television Standards) Amendment Regulations 2007 (No. 1)

On 14 June 2007, the committee wrote to the Minister for Communications, Information Technology and the Arts, Senator the Hon Helen Coonan seeking information regarding whether public consultation was undertaken in relation to the Regulations. On 19 June 2007, the Minister responded noting the media reform consultation and the Department's December 2006 advice to industry regarding the proposed changes. On 21 June 2007, the committee advised that the Minister's advice had answered its concerns.

Appendix 3

External scrutiny

The Australian National Audit Office issued a number of reports in 2006–07. Some involved the Department directly and others were of special or general interest to the Department.

The Office of Evaluation and Audit (Indigenous Programs) in the Department of Finance and Administration completed an audit of the Telecommunications Action Plan for Remote Indigenous Communities—Community Phones Program (CPP).

Australian National Audit Office 2006–07 direct participation

Report No. 36 Management of the Higher Bandwidth Incentive Scheme and Broadband Connect Stage 1

Tabled: 16 May 2007

This performance audit examined the management of the Higher Bandwidth Incentive Scheme (HiBIS), which operated from April 2004 to 31 December 2005, and the first stage of the Broadband Connect program, which operated from 1 January 2006 to 30 June 2006. The objectives of the audit were to examine if the Department had effectively planned and administered these programs and the programs had achieved their objectives. The audit focused on the Department's activities to support the planning, implementation, monitoring and reporting of the programs.

The audit concluded that the programs had achieved their objective of achieving prices for higher bandwidth services in regional Australia that are comparable to metropolitan services. The Australian National Audit Office also found that the programs had achieved the supporting

objective of promoting competition among higher bandwidth service providers in regional Australia, and largely achieved their objective of ensuring efficient use of funds by effectively targeting support to areas of need.

The audit found that the Department established an appropriate management framework to administer the programs, including the development of program guidelines that were comprehensive and provided a sound basis to guide the day-to-day operation of the programs. It also concluded that regular data speed testing was a particularly valuable initiative to ensure that providers continue to deliver quality services to customers.

While the audit concluded that the vast majority of claims for funding under the programs were valid, it also estimated that between \$10.6 million and \$12.4 million had been paid to providers for claims that were invalid or claimed at the incorrect rate. Two recommendations were aimed at enhancing the administration of the programs. One recommendation related to reassessment of the eligibility of premises that were considered potentially ineligible, taking recovery action in relation to invalid claims and more rigorous assessment of eligibility of premises in future, using independent information sources. The second recommendation related to the process for reconciling Allowable Cost Statements in providers' annual reports to the Department under the programs. The Department agreed to implement both recommendations.

Report No. 51 Interim Phase of the Audit of Financial Statements of General Government Sector Agencies for the Year Ending 30 June 2007

Tabled: 27 June 2007

This report presents the results of the interim phase of the 2006–07 financial statement audits of all portfolio departments and other major General Government Sector (GGS) agencies.

There were no audit issues of a significant or moderate rating raised by the ANAO in relation to the Department in the prior or current years.

Based on the audit work performed, key internal controls were operating satisfactorily to provide reasonable assurance that the Department can produce financial statements free of material misstatement.

Report No. 22 Management of intellectual property in the Australian Government sector

Tabled: 6 February 2007

The audit objective was to examine progress in the development of an overarching approach and guidance for the management of the Commonwealth's intellectual property (Recommendation No. 2 of Audit Report No. 25 of 2003–04).

An Inter Departmental Committee chaired by the Attorney-General's Department (AGD) which includes this Department, the Department of Finance and Administration, and IP Australia has been working towards developing an overarching approach to IP management. Although the audit noted progress had been made, it noted that further work was required to implement the recommendations of the earlier audit.

In order to be effective in raising awareness, ANAO considers the overarching approach should include:

- + what is expected to be achieved
- + what is expected of agencies to which the approach applies
- + who is responsible for ensuring that the approach is achieving what was intended and how will this be evaluated.

In considering implementation of the approach, particular attention will need to be paid to the question of which agency will be responsible for providing advice to agencies on the approach and assistance with its implementation.

The Department's response to the audit suggested that where an ANAO report recommends that a whole-of-government approach be undertaken on a particular issue there should be specific recognition of the need for the approach to be led by an agency with whole-of-government responsibilities.

Report No. 15 Audits of Financial Statements of Australian Government Entities for the Period Ended 30 June 2006

Tabled: 19 December 2006

The focus of this report is on the year end results of the financial statement audits of all general purpose reporting entities for the 2005–06 financial year. Financial management issues (where relevant) arising out of the audits and their relationship to internal control structures are also included in this report.

There were no moderate or significant audit issues noted during the 2005–06 audit.

**Office of Evaluation and Audit
(Indigenous Programs) (OEA)
2006–07 direct participation**

*Report No. 1 Performance Audit of
the Community Phones Program
(Telecommunications Action Plan for Remote
Indigenous Communities)*

The scope of the audit was to examine the efficiency and effectiveness of the administration of the Community Phones Program (CPP). The audit commenced on 5 December 2005 and a copy of the final report was provided to the Minister for Communications, Information Technology and the Arts on 31 January 2007.

The report found there were a number of shortcomings in the project and that these had caused delays in its completion. It made eight recommendations relating to procedures for program administration. While noting that the project was a major developmental undertaking, the Department acknowledges the scope for improvement in program administration and has accepted the recommendations, which are now being implemented.

All community phones have now been installed and, based on the success of the trial, a process is currently underway to install a further 300 community phones in remote Indigenous communities.

**Australian National Audit Office
2006–07 Special interest**

*Report No. 43 Managing Security Issues in
Procurement and Contracting*

Tabled: 13 June 2007

*Report No. 23 Application of the Outcomes
and Outputs Framework*

Tabled: 6 February 2007

*Report No. 21 Implementation of the revised
Commonwealth Procurement Guidelines*

Tabled: 31 January 2007

*Report No. 6 Recordkeeping including the
Management of Electronic Records*

Tabled: 12 October 2006

*Report No. 5 The Senate Order for the
Departmental and Agency Contracts*

Tabled: 28 September 2006

The Department is implementing the relevant recommendations from these reports.

Appendix 4

Legislation and statutory instruments

Major legislation requiring significant input from the Legal Group during the year is set out below.

Broadcasting Services Amendment (Media Ownership) Act 2006

This Act reforms Australia's media ownership laws while protecting the public interest in a diverse and vibrant media sector.

The previous foreign ownership and control restrictions relating to free to air commercial television broadcasting, and cross-media ownership restrictions in the *Broadcasting Services Act 1992* relating to the regulated platforms of commercial radio licences, commercial television licences or associated newspapers, limited competition in the media sector and restricted access to capital, expertise and opportunities for growth. The changes encourage greater competition and allow media companies to achieve economies of scale and scope, while protecting the diversity of Australia's media.

Broadcasting Legislation Amendment (Digital Television) Act 2006

This Act amends the *Broadcasting Services Act 1992* to implement the Australian Government's decisions relating to the outcomes of the reviews of the digital television regulatory framework.

Communications Legislation Amendment (Enforcement Powers) Act 2006

This Act enhances the broadcasting regulatory powers of the Australian Communications and Media Authority (ACMA) by providing ACMA with key

new powers including civil penalties, injunctions, enforceable undertakings and infringement notices.

Telecommunications Amendment (Integrated Public Number Database) Act 2006

This Act amends the *Telecommunications Act 1997* to clarify the arrangements for access to data contained in the Integrated Public Number Database.

Broadcasting Legislation Amendment (Digital Radio) Act 2007

Radio Licence Fees Amendment Act 2007

These acts amend the *Radiocommunications Act 1982*, the *Broadcasting Services Act 1992* and the *Radio Licence Fees Act 1964* to provide for the introduction of digital radio broadcasting services.

Communications Legislation Amendment (Content Services) Bill 2007

This Bill introduces reforms to regulatory structures for non-broadcasting communications content to ensure that existing policy principles for the regulation of content are consistently applied to these new audio-visual services. It also ensures that the Indian Ocean Territories are included in reviews by the Regional Telecommunications Independent Review Committee.

Australian Postal Corporation (Quarantine Inspection and Other Measures) Bill 2007

This Bill provides for the inspection and examination of postal articles carried by Australia Post, with the exception of reserved services material, for interstate quarantine purposes. It also provides for the disclosure of information about articles seized by border control agencies

or consumer protection agencies for the purpose of the Universal Postal Convention, allows the disclosure of scam mail articles to consumer protection agencies, and reflects the operation of the GST and Wine Equalisation Tax (WET), including allowing international articles to be opened where there is a reasonable suspicion that GST on imports or WET is payable.

Communications Legislation Amendment (Information Sharing and Datacasting) Bill 2007

This Bill amends the *Australian Communications and Media Authority Act 2005* to authorise the disclosure of certain information by ACMA to the Minister for Communications, Information Technology and the Arts, departments, government agencies and regulatory bodies. The Bill also amends the *Radiocommunications Act 1982* to give ACMA greater flexibility with respect to its spectrum management functions, and clarifies the application of datacasting charges in relation to Channel B datacasting transmitter licences.

Do Not Call Register Regulations 2006

The Regulations address concerns raised by industry groups about the proposed operation of the Do Not Call Register (established by the *Do Not Call Register Act 2006*) and remove certain types of calls from the Do Not Call scheme.

Instruments made for the purposes of the Integrated Public Number Database (IPND) scheme

The Minister made several instruments for the purposes of the Integrated Public Number Database (IPND) scheme provided for in the *Telecommunications Amendment (Integrated Public Number*

Database) Act 2006. The instruments are as follows:

- + *Telecommunications (Integrated Public Number Database—Permitted Research Purposes) Instrument 2007 (No. 1)*—This instrument allows information in the IPND to be disclosed to enable certain health or medical research, political research or research conducted by or on behalf of the Commonwealth or a Commonwealth authority or agency to contribute to the development of public policy.
- + *Telecommunications (Integrated Public Number Database Scheme—Conditions for Authorisations) Determination 2007 (No. 1)*—This instrument restricts the ability to transfer IPND data overseas, requires the safeguarding of IPND information and its secure disposal after use, prevents public number directory producers avoiding their statutory obligations through outsourcing arrangements, and prevents researchers producing and using reverse searchable databases (except to search by postcode to find a list of public numbers, and the customer data associated with those numbers, from within the postcode).
- + *Telecommunications (Integrated Public Number Database—Public Number Directory Requirements) Instrument 2007 (No. 1)*—This instrument tightly restricts the format of a public number directory to prevent it being used for inappropriate purposes.
- + *Telecommunications (Integrated Public Number Database—Public Number Directory Additional Information) Instrument 2007 (No. 1)*—This instrument specifies additional information that may be contained in a public number

directory apart from name, public number and address.

- + *Telecommunications (Integrated Public Number Database Scheme—Criteria for Deciding Authorisation Applications) Instrument 2007 (No. 1)*—This instrument specifies the criteria to which ACMA must have regard when assessing applications for authorisations under the IPND scheme. Different criteria are specified for different kinds of applications.

*Refundable Film Tax Offset Rules 2002
(Amendment No. 1 of 2006)*

The Rules amend the *Refundable Film Tax Offset Rules 2002* to reflect the extension of the Refundable Film Tax Offset to eligible television series and to update administrative requirements.

Appendix 5

Staffing statistics

Figure 4.1 Full-time and part-time staff—30 June 2007

Ongoing employees				Non-ongoing employees						Total
Full-time		Part-time		Full-time		Part-time		Casual		
Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
296	414	12	51	31	54	3	13	5	9	888

Note: These figures indicate staff substantively employed by the Department as at 30 June 2007 including temporary reassignment of duties into the agency and exclude all inoperative staff*. These figures include the departmental Secretary.

* Those staff who are recorded as being on leave without pay as at 30 June 2007 for a total period greater than 13 weeks

Figure 4.2 Staff by classification groups and location—30 June 2007

State	APS1	APS2	APS3	APS4	APS5	APS6	EL1	EL2	SESB1	SESB2	SESB3	SEC	Grand Total
ACT	8	36	41	102	99	175	200	116	25	9	3	1	815
NSW		1	2	11	2	2	1	2					21
NT			1	6	3	3	1						14
QLD		1	2	4	1	2	2	1					13
SA				1	1	1	1	1					5
TAS				1									1
VIC				3	2		1	1					7
WA			2	1	4	3	1	1					12
Total	8	38	48	129	112	186	207	122	25	9	3	1	888

Note: These figures indicate ongoing and non-ongoing staff substantively employed by the Department as at 30 June 2007 and excludes all inoperative staff.

Classifications with local designations, for example Legal and Public Affairs, have been subsumed into equivalent APS or EL levels.

These figures include the departmental Secretary.

Figure 4.3 SES staff—30 June 2007

	Male	Female	Total
SESB1	20	5	25
SESB2	5	4	9
SESB3	2	1	3
Total	27	10	37

Note: These figures reflect nominal occupancy and do not include acting arrangements and exclude all inoperative staff.

Figure 4.4 Staff in EEO groups—30 June 2007

Male	Female	Total staff	DCLB 1&2	ATSI	PWD	Total staff 2
347	541	888	136	33	11	763
39.1%	60.9%	100%	15.3%	3.7%	1.2%	85.9%

Key to figures 4.4 and 4.5:

Total staff: Ongoing and non-ongoing staff substantively employed as at 30 June 2007. Percentages of male and female relate to this total.

DCLB1: People from diverse cultural and linguistic backgrounds (first generation).

DCLB2: People from diverse cultural and linguistic backgrounds (second generation).

ATSI: Aboriginal and Torres Strait Islander peoples.

PWD: People with a disability.

Total staff 2: Total number of staff who volunteered EEO information, including 'no' answers to questions.

Percentages of EEO statistics have been derived from this total. This figure excludes all inoperative staff.

Note: Calculation changed in this report from previous report for percentage outcomes for DCLB1&2, ATSI and PWD which used Total staff 2. From 2006–07 the Total staff column will be used.

Figure 4.5 EEO groups within salary ranges—30 June 2007

Lowest	Highest	DCLB 1&2	ATSI	PWD	Total
\$0	\$34 043	0	0	0	8
\$34 044	\$44 665	11	2	1	64
\$44 666	\$47 059	0	3	0	18
\$47 060	\$53 820	14	12	4	106
\$53 821	\$58 623	31	7	2	124
\$58 624	\$69 294	35	4	1	144
\$69 295	\$94 420	33	3	1	175
\$94 421	\$110 000	9	2	2	89
\$110 000+		3	0	0	35
Total		136	33	11	763

Note: Total includes staff who volunteered EEO information including 'no' answers and those that may have declined to answer some questions (e.g. may have said 'yes' to DCLB1 but chose not to answer on disability).

This table excludes all inoperative staff.

Figure 4.6 Salary range of employees 2006–07

Classification	Certified Agreement		Australian Workplace Agreement	
	Salary range (\$)		Salary range (\$)	
	Lowest	Highest	Lowest	Highest
SES	n/a	n/a	123 800	201 600
EL2	84 108	107 566	84 108	121 500
EL1	72 960	94 421	72 960	102 000
APS6	58 420	69 294	58 420	72 000
APS5	54 430	58 623	54 430	57 475
APS4	48 822	53 820	n/a	n/a
APS3	43 558	48 000	n/a	n/a
APS2	38 299	43 299	44 665	44 665
APS1	34 043	38 131	n/a	n/a

Note: Part-time salaries have been annualised to full-time for comparison. This table excludes all inoperative staff.
 Classifications with local designations, e.g. Legal and Public Affairs, have been subsumed into equivalent APS or EL levels.

Figure 4.7 Number of staff on AWAs or Certified Agreement—30 June 2007

	AWA	Certified Agreement	Total
SES	37	0	37
EL2	102	14	116
EL1	92	100	192
APS1–6	31	512	543
Total	262	626	888

Note: Classifications with local designations, e.g. Legal and Public Affairs, have been subsumed into equivalent APS or EL levels. This table excludes all inoperative staff.

Figure 4.8 Performance payments 2006–07

Classification	Number of staff paid	Aggregate amount (\$)	Average amount (\$)	Lowest payment (\$)	Highest payment (\$)
SES	36	431 948.58	11 998.57	6190.00	25 900.00
EL2	88	648 591.58	7370.36	2019.27	12 915.38
APS1–EL1	73	381 414.40	5224.85	1496.51	16 519.00
Total	197	1 461 954.56			

Note: Classifications with local designations, e.g. Legal and Public Affairs, have been subsumed into equivalent APS or EL levels. This table includes all staff who received a performance payment for 2006–07 (this includes terminated and inoperative staff as at 30 June 2007).

Figure 4.9 Performance payments 2005–06, paid in 2006–07

Classification	Number of staff paid	Aggregate amount (\$)	Average amount (\$)	Lowest payment (\$)	Highest payment (\$)
SES	4	31 335.20	7833.80	3681.60	10 764.00
EL2	2	8685.47	4342.74	3909.80	4775.67
APS1–EL1	2	6580.34	3290.17	1102.00	5478.34
Total	8	46 601.01			

Note: Classifications with local designations, e.g. Legal and Public Affairs, have been subsumed into equivalent APS or EL levels.

Appendix 6

Report on performance in implementing the Commonwealth Disability Strategy

Performance Reporting 2006–07

The Commonwealth Disability Strategy (CDS) provides a framework to assist Commonwealth organisations to meet their obligations under the *Disability Discrimination Act 1992*. The CDS defines the core roles of government agencies as: policy adviser, regulator, purchaser, provider, and employer.

Policy advisers are responsible for strategic planning and formulating new initiatives and revisions to current government programs and services. They do so in response to government policy objectives, identified community needs or both.

Regulators develop regulations in direct response to government policy or legislation. Regulators are responsible for implementing the framework designed by policy advisers. Similarly for purchasers, established policy directions guide the purchasing frameworks to be implemented. Funding is allocated on the basis that purchasing specifications are designed to give effect to the policy framework.

Service providers also work within established boundaries. These boundaries exist in the purchasing frameworks that accompany funds received to provide the service. Purchasing specifications specify how services are to be provided, to whom and under what conditions. Though conditions of employment may vary between organisations, the core functions of an employer remain the same (see www.facs.gov.au/disability/cds/cds/roles1.htm for more information on the CDS).

The Department's performance against the performance indicators for each of the defined roles follows.

Policy adviser role

Performance indicator 1: New or revised policy/program proposals assess the impact on the lives of people with disabilities prior to decision.

Performance measure: Percentage of new or revised policy/program proposals that document that the impact of the proposal was considered prior to the decision making stage.

Current level of performance 2006–07

New policy

Number of new policies: 19.

Percentage documenting impact: 79% (38% in 2005–06)

Revised policy

Number of revised policies/programs: 7.

Percentage documenting impact: 71%

Performance indicator 2: People with disabilities are included in consultation about new or revised policy/program proposals.

Performance measure: Percentage of consultations about new or revised policy/program proposals that are developed in consultation with people with disabilities.

Current level of performance 2006–07

New policy

Number of consultations: 4. Percentage of consultations undertaken with people with disabilities: 50% (71% in 2005–06)

Revised policy

Number of consultations: 3. Percentage of consultations undertaken with people with disabilities: 100% (there were no consultations in 2005–06)

Performance indicator 3: Public announcements of new, revised or proposed policy/program initiatives are available in accessible formats¹ for people with disabilities in a timely manner.

Performance measure: Percentage of new, revised or proposed policy/program announcements available in a range of accessible formats.

Time taken in providing announcements in accessible formats.

Current level of performance 2006–07

- + A total of 253 Ministerial media announcements were made during the year with 100 per cent of these announcements available on the internet in HTML at the time of the announcement. Announcements were also distributed via fax to selected media.
- + No requests were received for media announcements in other formats (currently available in HTML).
- + The Department's website was externally reviewed and updated in line with best practice accessibility guidelines.
- + Guidelines for planning and producing materials in accessible formats continue to be updated and available on the Department's intranet.
- + Information, including discussion papers and fact sheets, are available on the website in HTML, Word and/or PDF formats.

Regulator role

Performance indicators:

1. Publicly available information on regulations and quasi-regulations is available in accessible formats for people with disabilities.
2. Publicly available regulatory compliance reporting is available in accessible formats for people with disabilities.

Performance measures:

Percentage of publicly available information on regulations and quasi-regulations requested and provided in accessible electronic formats and accessible formats other than electronic.

Average time taken to provide accessible material in electronic format and formats other than electronic.

Current level of performance 2006–07

- + All legislative instruments made since 1 January 2005, and between 1 January 2000 and 31 December 2004, are posted on the Federal Register of Legislative Instruments (FRLI). All documents on FRLI are accessible on ComLaw (a publicly available website managed by the Attorney-General's Department). All documents on ComLaw are published in multiple formats.
- + No requests were received for information on regulations and quasi-regulations or for compliance reporting in accessible formats.
- + In line with Australian Government policy, the Departmental Regulatory

¹ Accessible formats include electronic formats such as ASCII (or .txt) files and html for the web. Non electronic accessible formats include braille, audio cassette, large print and easy English. Other ways of making information accessible include video captioning and Auslan interpreters.

Plan is available on the Department's website in an accessible format.

- + The Department's website was externally reviewed and updated in line with best practice accessibility guidelines.

Purchaser role

Performance indicator 1: Publicly available information on agreed purchasing specifications is available in accessible formats for people with disabilities.

Performance measures:

Percentage of publicly available purchasing specifications requested and provided in accessible electronic formats and accessible formats other than electronic.

Average time taken to provide accessible material in electronic formats and formats other than electronic.

Current level of performance 2006–07

Contracts:

All open tender processes are available on AusTender, with all tender documentation available in MS Word or PDF format as required. On request, the Department may consider providing tender documentation in another accessible format.

Grants:

One hundred per cent of grant program guidelines are available online (those grant programs subject to applications). No requests were received for information in other formats. Other accessible formats are available on request.

Performance indicator 2: Processes for purchasing goods or services with a direct impact² on the lives of people with disabilities are developed in consultation with people with disabilities.

Performance measure: Percentage of processes for purchasing goods or services that directly impact on the lives of people with disabilities that are developed in consultation with people with disabilities.

Current level of performance 2006–07

Contracts:

Procurement of goods that directly impact upon the lives of people with a disability is carried out in consultation with people with disabilities through a service provider and a central area of the Department.

The Department has set up a panel of contractors to carry out construction related works within the Department's premises. All works will be carried out in accordance with the relevant accessibility standards. The contract complies with accessibility standards.

Particular attention is being directed towards integrating improved disabled access to the overall visitor experience that will accompany the development of a Gallery of Australian Democracy at Old Parliament House. Specific initiatives include:

- + Internal ramps are being progressively introduced in parts of the building to improve disabled access.

² Direct impact means those goods and services which will have an explicit consequence, effect or influence on people with disabilities. It includes the purchase of mainstream goods and services as well as specialist disability services.

- + Planning has been completed for a new lift at the rear of the building to facilitate disabled access to the functions area, to be installed in 2007–08.
- + Preliminary planning took place for the installation of a lift providing disabled access to the internal public reception area of the building.
- + Planning took place for the development of improved disabled toilet facilities in the functions area of Old Parliament House.
- + Disabled directional signage was improved at the front of the building. Clearer temporary signage was installed in June 2007, and permanent signs commissioned with a view to their installation early in 2007–08.

Performance indicator 3: Purchasing specifications³ and contract requirements for the purchase of goods and services are consistent with the requirements of the *Disability Discrimination Act 1992*.

Performance measures:

Percentage of purchasing specifications for goods and services that specify that tender organisations must comply with the *Disability Discrimination Act 1992*.

Percentage of contracts for the purchase of goods and services that require the contractor to comply with the *Disability Discrimination Act 1992*.

Current level of performance 2006–07

Contracts:

The Department's standard contract terms require compliance with relevant legislation including the *Disability Discrimination Act 1992*. Draft contracts

are supplied with all standard requests for tender.

The Department of Finance and Administration, as the project manager for the construction of the new purpose-built National Portrait Gallery building, has responsibility to ensure compliance with the *Disability Discrimination Act 1992* and the applicable codes and standards for this project.

Grants:

The Department's standard funding deeds require compliance with the *Disability Discrimination Act 1992*.

Performance indicator 4: Publicly available performance reporting against the purchase contract specifications requested in accessible formats for people with disabilities is provided.

Performance measures:

Percentage of publicly available performance reports against the contract purchasing specification requested and provided in accessible electronic formats and accessible formats other than electronic

Average time taken to provide accessible material in electronic formats and formats other than electronic.

Current level of performance 2006–07

Contracts:

Information is available online at www.tenders.gov.au

Information complying with the requirements of the Order of the Senate for Department and Agency Contracts is on the Department's

3 Purchasing agreements can include contracts, memoranda of understanding and service level agreements.

website (www.dcita.gov.au). Details of consultancy contracts are reported as part of the Annual Report.

Grant programs:

One hundred per cent of the Department's grant program guidelines are available online (generally in HTML format). No requests were received for information in other formats. For documents not in HTML, contact details are included so that applicants can request documents in alternative format(s) if required.

General:

The Department's website complies with W3C accessibility recommendations.

Development of the Old Parliament House and National Portrait Gallery websites has continued to be in accordance with Australian Government guidelines for website accessibility.

Performance indicator 5: Complaints/ grievance mechanisms, including access to external mechanisms, in place to address concerns raised about provider's performance.

Performance measure: Established complaints/grievance mechanisms, including access to external mechanisms, in operation.

Current level of performance 2006–07

The Department's *Client Service Charter* outlines a formal complaint mechanism, including access to external mechanisms. There were no formal complaints lodged with the Department's complaints officer during the year. The Department's 2007 Client Service Survey identified 36 respondents (three per cent) who said they had cause to complain of which 14 people felt their complaint had been processed adequately and

in accordance with the Department's complaint mechanism.

The Department's website includes 'feedback' and 'contact us' links. The Department received seven feedback forms during the last year of which five were positive feedback and two had both positive and negative feedback.

Grant programs continue to have well established feedback mechanisms. In general, grants program areas on the website offer feedback mechanisms. Verbal and written feedback between the Department and the grantees occurs. A 'freecall 1800' telephone service operates for some grant programs as well as direct telephone numbers and generic email addresses available for enquiries or as an avenue for complaints.

Provider role

Performance indicator 1: Providers have established mechanisms for quality improvement and assurance.

Performance measure: Evidence of quality improvement and assurance systems in operation.

Current level of performance 2006–07

The Department's 2007 Client Service Survey had three per cent of clients, from a response size of 1155 clients, who identified that they had special needs in order to access Departmental services. Of these, eight clients reported English as a second language and six respondents stated that they required community languages and interpreter services. No clients identified online material accessible to people with disabilities (PWD), although one client identified the need for large print format. A further 10 clients reported 'special needs' but did not state the exact requirements and it would appear the

respondents misinterpreted the question as they responded with suggestions for improving service.

The Department's website complies with W3C recommendations for accessibility.

Development of the Old Parliament House and National Portrait Gallery websites has continued to be in accordance with Australian Government guidelines for website accessibility.

Old Parliament House (OPH) and the National Portrait Gallery (NPG) have continued to take into account a range of access issues when designing public programs, educational training of volunteer guides and building thoroughfares.

The Culture and Recreation Portal (CARP) was upgraded in 2004–05 to raise the level of conformity to the Web Content Accessibility Guidelines 1.0 standard to the highest level, a Triple A rating to assist people with disabilities to navigate the site. Further enhancements were made to the site in 2006–07 to improve accessibility including a modification that enables vision-impaired users to access page content more easily with their screenreaders.

Performance indicator 2: Providers have an established service charter that specifies the roles of the provider and consumer and service standards which address accessibility for people with disabilities.

Performance measure: Established service charter that adequately reflects the needs of people with disabilities in operation.

Current level of performance 2006–07

The Department has a well-established *Client Service Charter* which has been in place since 1998. The Department also regularly conducts both internal and external reviews of the charter. The charter addresses accessibility and diversity issues, through the provision of a wide range of contact options, and through clearly set out service standards that include sensitivity to diversity issues. An external review of the charter will be undertaken in 2008.

Performance indicator 3: Complaints/grievance mechanisms, including access to external mechanisms, in place to address concerns raised about performance.

Performance measure: Established complaints/grievance mechanisms, including access to external mechanisms, in operation.

Current level of performance 2006–07

The Department's *Client Service Charter* outlines a formal complaint mechanism, including access to external mechanisms. There were no formal complaints lodged with the Department's complaints officer during the year. Although the Department's Client Service Survey had 36 respondents (three per cent) who said that they had cause to complain, 14 people felt that their complaint had been processed adequately and

in accordance with the Department's complaint mechanism.

The Department's website includes 'feedback' and 'contact us' links. The Department received seven feedback forms during the last year of which five had positive feedback and two had a combination of both positive and negative feedback.

Grant programs continue to have well established feedback mechanisms. In general, grants program areas on the website offer feedback mechanisms. Verbal and written feedback between the Department and the grantees occurs. A 'freecall 1800' telephone service operates for some grant programs as well as generic email address, available for enquiries or as an avenue for complaints.

Employer role

Performance indicator 1: Employment policies, procedures and practices comply with the requirements of the *Disability Discrimination Act 1992*.

Performance measure: Number of employment policies, procedures and practices that meet the requirements of the *Disability Discrimination Act 1992*.

Current level of performance 2006–07

The Department's Certified Agreement, recruitment procedures, employment programs and policies meet the requirements of the *Disability Discrimination Act 1992*. The Department's Workplace Diversity Plan and Eliminating Workplace Harassment Plan also comply with the *Disability Discrimination Act 1992*.

Performance indicator 2: Recruitment information for potential job applicants is available in accessible formats on request.

Performance measures:

Percentage of recruitment information requested and provided in accessible electronic formats, and accessible formats other than electronic.

Average time taken to provide accessible information in electronic formats, and formats other than electronic.

Current level of performance 2006–07

- + All recruitment information is available in accessible electronic formats on the internet and intranet.
- + Recruitment staff are able to provide information in hard copy, large print or other formats upon request.
- + There were no requests for information in other accessible formats.
- + Electronic format information has an approximate download time of 20 seconds through a web-based tool.
- + Timelines for the provision of other than electronic formats is dependent on the delivery mechanism.

Performance indicator 3: Agency recruiters and managers apply the principle of reasonable adjustment.

Performance measure: Percentage of recruiters and managers provided with information on reasonable adjustment.

Current level of performance 2006–07

The principle of reasonable adjustment is applied by the Department in the recruitment of people with a disability.

In addition, the Department's job pack provides a contact point for people with a disability to email or call should they

require assistance with their applications and when registering their applications people with disabilities are asked to provide information on any equipment or other assistance they may require to participate in the selection process.

Performance indicator 4: Training and development programs consider the needs of staff with disabilities.

Performance measure: Percentage of training and development programs that consider the needs of staff with disabilities.

Current level of performance 2006–07

All training and development courses provide facilities that have reasonable access for people with disabilities. Staff with disabilities who book for internal courses are encouraged to discuss their needs with HR Services.

Performance indicator 5: Training and development programs include information on disability issues as they relate to the content of the program.

Performance measure: Percentage of training and development programs that include information on disability issues as they relate to the program.

Current level of performance 2006–07

The following programs were conducted in 2006–07 and included significant information on disability issues.

- + Ten sessions on 'APS Values', 'Code of Conduct' and 'Leading Ethically in the APS'.
- + Six capability training programs.
- + Four external training courses for Health and Safety Representatives.
- + Three external training course for Workplace Diversity and Harassment Contact Officers.

Performance indicator 6: Complaint/grievance mechanism, including access to external mechanisms, in place to address issues and concerns by staff.

Performance measure: Established complaints/grievance mechanisms, including access to external mechanisms in operation.

Current level of performance 2006–07

- + The Certified Agreement includes provisions for complaint and grievance resolution, including access to external mechanisms.
- + The Department's Eliminating Workplace Harassment Plan also sets out mechanisms for complaint resolution, which includes access to external mechanisms, including the Human Rights and Equal Opportunity Commission.

Appendix 7

Freedom of information

This statement is provided in accordance with section 8 of the *Freedom of Information Act 1982* (the FOI Act) and is correct as at 30 June 2007.

Section 8 of the FOI Act requires each agency to publish detailed information about the way it is organised, its powers, the kinds of decisions made, arrangements for public involvement in work of the agency, documents held by the agency and how members of the public can access these documents.

Access to records under the FOI Act

Members of the public are entitled to apply for access to documents under the FOI Act. In many cases the FOI Act may not need to be used. If the documents being sought are publicly available they may be accessible through the Department's website at www.dcita.gov.au, or by telephoning the Manager of Corporate Communications on 02 6271 1362.

Decisions on granting access to documents under the FOI Act are generally made by the Senior Executive Service officer responsible for the work area to which the request relates. Access is usually provided in the form of copies of documents. Alternatively, the Department can provide a reading area for the inspection of documents made available under the FOI Act.

Members of the public seeking access to documents under the FOI Act should make a request in writing to the Department or the relevant portfolio agency and enclose the fee payable under the regulations in respect of the request, currently \$30. These requests should include contact details including a telephone number and an address in Australia to which notifications can be posted. The Department's FOI Officer

can help with this process, telephone 02 6271 1741.

FOI requests for the Department should be addressed to:

The Secretary
Department of Communications,
Information Technology and the Arts
GPO Box 2154
CANBERRA ACT 2601
Attention: Freedom of Information Officer

Portfolio agencies, listed at Appendix 1, are part of the Communications, Information Technology and the Arts portfolio but are not part of the Department's functional and organisational structure. To obtain information or documents from these agencies, please contact them directly. Contact details are provided at Appendix 1.

Categories of documents

The Department has extensive documentary holdings, in hard copy and electronic form. Certain categories of documents are common throughout the Department. These include:

- + documents relating to policy development and program administration, including reports, briefings, correspondence, minutes, submissions, statistics and other documents
- + Cabinet submissions and memoranda
- + ministerial briefings
- + records of representations to the portfolio ministers and of other applications for advice and assistance
- + reference material used by staff including guidelines and manuals
- + audio and visual recordings held as part of the Department's cultural development activities
- + legal advice.

The subject matter of departmental records includes the following.

Cultural and sporting matters

- + Performing, literary and visual arts
- + Collections sector
- + International cultural relations
- + Public and educational lending rights
- + Cultural access programs
- + Taxation issues relating to the cultural sector
- + Trade issues relating to the cultural sector
- + Return of Indigenous cultural property
- + Cultural Ministers' Council
- + Support for the arts and culture
- + The Centenary of Federation in 2001
- + Federation Fund projects
- + Film
- + Digital content
- + National recreation safety organisations
- + Administration of sport and recreation facilities and projects
- + National anti-doping policy and programs
- + International anti-doping forums
- + Olympic, Paralympic and Commonwealth Games
- + Public liability insurance
- + Sports participation
- + Sport and leisure industry
- + Sport and Recreation Ministers Council
- + Portfolio agencies.

Telecommunications

Telecommunications and radiocommunications policy, legislation and regulation

- + Connect Australia programs
- + Communications Fund
- + Do Not Call Register
- + Postal policy, legislation and regulation
- + International communications—bilateral and multilateral arrangements including Universal Postal Union (UPU) and Asian-Pacific Postal Union (APPU)
- + Maintaining international linkages and institutional frameworks through the International Telecommunication Union (ITU), APEC, World Trade Organization (WTO) and other relevant multilateral forums
- + Bilateral trade and cooperation including free trade negotiations
- + Australian Broadband Guarantee
- + Broadband Connect Infrastructure Program
- + Higher Bandwidth Incentive Scheme (HIBIS) and Broadband Connect Program
- + Metropolitan Broadband Connect Program
- + Telstra and Australia Post—corporate accountability
- + Networking the Nation (NTN) General Fund
- + Telstra Social Bonus Programs
- + Untimed Local Calls in Extended Zones Agreement
- + Telecommunications Service Inquiry and implementation of Government's response
- + Consumer representation and research grants program

- + Regional Telecommunications Inquiry and Implementation of Government's response
- + Regional Telecommunications Independent Review Committee
- + RTI Community Information Campaign.

Information and communications technology

- + Information and communications technology (ICT) industry development policy, including ICT Framework for the Future project
- + ICT industry development programs, including ICT incubators, Intelligent Island
- + ICT industry development aspects of government procurement
- + ICT innovation policy, including Backing Australia's Ability program and skills
- + National ICT Australia ICT Centre of Excellence
- + IT Training and Technical Support program
- + Regional Telecommunications Infrastructure Fund
- + Mobile Connect Program
- + National Communications Fund
- + Information economy
- + *Broadband Blueprint*
- + Clever Networks
- + Broadband Development Program
- + Next Generation Networks
- + Digital Content Working Group
- + Online and Communications Council (OCC)
- + Online and Communications Council Standing Committee
- + National Broadband Development Group
- + Measurement Working Group
- + e-connectivity
- + Coordinated Communications Infrastructure Fund (CCIF)
- + Broadband Demand Aggregation Brokers Program
- + National Broadband Strategy Implementation Group
- + Broadband Advisory Group
- + IT Skills Hub
- + Digital divide
- + Community connectivity
- + Non-profit sector and ICT issues including an e-strategy guide for non-profit organisations and the development of a model for a national non-profit ICT coalition
- + Telework and the Australian Telework Advisory Committee
- + Broadband development policy
- + ICT industry skills
- + ICT Skills foresighting working group
- + ICT literacy
- + ICT productivity
- + e-research
- + e-business
- + Information Technology Online Program
- + Critical infrastructure protection—cyber security component
- + Online legal and regulatory framework, including spam and internet domain names, e-security and trust issues including awareness raising, IT security skills, e-security research and development, authentication, phishing and spyware
- + Maintaining international linkages and institutional frameworks through the ITU, APEC, OECD, Internet Corporation for Assigned Names and Numbers (ICANN) and other relevant multilateral forums.

Content and Media

- + Broadcasting policy and development of regulation
- + Commercial, national, subscription and community broadcasting services, and subscription and open narrowcasting services
- + Digital television, digital radio, and datacasting
- + The Digital Action Plan
- + Broadcasting technology
- + Online content policy and legislation, including interactive gambling regulation
- + Intellectual property and copyright coordination
- + TV Black Spots—Alternative Technical Solutions (ATS) program
- + Regional Equalisation Plan
- + Protecting Australian Families Online initiative.

Indigenous programs and policy

- + Indigenous Broadcasting Program
- + Backing Indigenous Ability program
- + Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC)
- + Indigenous arts, crafts, culture and languages
- + Indigenous sport and recreation program
- + Whole of government Indigenous affairs policy.

Legal

- + Legal advice, instructions to solicitors and counsel concerning matters before courts and tribunals
- + Freedom of information requests
- + Ombudsman complaints
- + Privacy complaints
- + Documents relating to the drafting of legislation and contracts.

Corporate and business

- + Human resource management policy and operations
- + Financial and budget management
- + IT and facilities management
- + Other corporate support services.

Manuals

In accordance with section 9 of the FOI Act, a list has been compiled of unpublished manuals and other documents used by departmental staff as a guide to procedures and practices to be followed when dealing with the public. The list is correct as at 30 June 2007 and is available on request from the FOI Officer, any office of the National Archives of Australia (NAA), or the NAA website at www.naa.gov.au

Organisation and functions

Information about the organisation and functions of the Department is contained in the Overview and Management and Accountability sections of this annual report.

Decision-making powers of the Department affecting members of the public

Decision-making powers of the Department and/or the Ministers that may affect members of the public are exercised under or in relation to the following Acts or regulations or other instruments made under those Acts:

- + *Appropriation (Supplementary Measures) Act (No.1) 1999*
- + *Archives Act 1983*
- + *Australia Council Act 1975*
- + *Australian Broadcasting Corporation Act 1983*
- + *Australian Communications and Media Authority Act 2005*
- + *Australian Film Commission Act 1975*
- + *Australian Film, Television and Radio School Act 1973*
- + *Australian National Maritime Museum Act 1990*
- + *Australian Postal Corporation Act 1989*
- + *Australian Sports Anti-Doping Authority Act 2006*
- + *Australian Sports Commission Act 1989*
- + *Broadcasting Services Act 1992*
- + *Datacasting Charge (Imposition Act) 1998*
- + *Datacasting Transmitter Licence Fees Act 2006*
- + *Do Not Call Register Act 2006*
- + *Film Licensed Investment Company Act 2005*
- + *Financial Management and Accountability Act 1997*
- + *Income Tax Assessment Act 1936—Divisions 10B and 10BA of Part III for certification of Australian films for tax concessions*
- + *Income Tax Assessment Act 1997—Section 30-210 for the approval of valuers for the Cultural Gifts Program; subsection 30-305(2) in Division 30 of Part 2-5 for the approval of cultural organisations for the Register of Cultural Organisations; and Division 376 of Part 3-45 for the certification of films for eligibility for the refundable tax offset for film production in Australia*
- + *Interactive Gambling Act 2001*
- + *Migration Regulations 1994, Schedule 2—in respect to the entry of foreign actors to Australia*
- + *National Gallery Act 1975*
- + *National Library Act 1960*
- + *National Museum of Australia Act 1980*
- + *National Transmission Network Sale Act 1998*
- + *NRS Levy Imposition Act 1998*
- + *Public Lending Right Act 1985*
- + *Public Service Act 1999*
- + *Radiocommunications Act 1992*
- + *Radiocommunications (Receiver Licence Tax) Act 1983*
- + *Radiocommunications (Spectrum Licence Tax) Act 1997*
- + *Radiocommunications Taxes Collection Act 1983*
- + *Radiocommunications (Transmitter Licence Tax) Act 1983*
- + *Radio Licence Fees Act 1964*
- + *Spam Act 2003*
- + *Special Broadcasting Service Act 1991*
- + *Telecommunications Act 1997*
- + *Telecommunications (Carrier Licence Charges) Act 1997*

- + *Telecommunications (Consumer Protection and Service Standards) Act 1999*
- + *Telecommunications (Numbering Charges) Act 1997*
- + *Telecommunications (Universal Service Levy) Act 1997*
- + *Television Licence Fees Act 1964*
- + *Telstra Corporation Act 1991*
- + *Telstra (Transition to Full Private Ownership) Act 2005*
- + *Trade Practices Act 1974, Parts XIB and XIC.*

Arrangements for outside participation and public involvement

The Department is open to the views of outside organisations and provides opportunities for members of the community to contribute to developing aspects of Australia's communications, information technology, arts and sport sectors. Information about issues on which the Department is currently consulting is available on the Department's website at www.dcita.gov.au

The Department has an ongoing involvement with the following bodies, some of which play a role in consulting with the community and industry:

- + Collections Council of Australia
- + Committee on Taxation Incentives for the Arts
- + Community Broadcasting Foundation
- + Contemporary Music Touring Program Committee
- + Cultural Ministers Council (CMC)
- + Digital Content Industry Action Agenda Strategic Industry Leaders Group
- + Festivals Australia Committee
- + Film Certification Advisory Board
- + Media and Communications Council

- + National Portrait Gallery Board
- + Old Parliament House Governing Council
- + Online and Communications Council (including its Regional Communications and Indigenous Telecommunications Working Groups)
- + Playing Australia Committee
- + Public Lending Right (PLR) Committee
- + Sport and Recreation Ministers Council (SRMC)
- + Visions of Australia Committee.

Further details of these bodies are listed on the Department's website at www.dcita.gov.au

Appendix 8

Advertising and market research

Following are details of all amounts of \$10 300 or more paid by the Department during the year to:

- + advertising agencies
- + market research organisations
- + polling organisations
- + direct mail organisations
- + media advertising organisations.

The total paid by or on behalf of the Department for all advertising and market research, for the financial year was \$6 330 574.52.

Advertising agencies

Organisation name	Purpose	Amount of payment
ZOO Communications	Old Parliament House and National Portrait Gallery graphic design services 2006–07	\$49 353.92
HMA Blaze	<i>Sydney Morning Herald</i> placements for <i>Mrs Prime Minister</i> exhibition	\$12 353.61
HMA Blaze	Staff recruitment advertising	\$26 700.00
HMA Blaze	Panorama placements August–December 2006 Old Parliament House and National Portrait Gallery	\$33 912.11
ZOO Communications	Outdoor Advertising Campaign—Design, concept & artworks for advertising of Old Parliament House on highway billboards and bus panels within the region.	\$33 828.31
HMA Blaze	Panorama placements January–June 2007 Old Parliament House	\$18 581.75
Universal McCann	Purchase of TV and print media advertising associated with mail-out of <i>Your Telecommunications Safeguards</i> booklet which is part of the Regional Telecommunications Consumer Information Campaign.	\$521 539.13
HMA Blaze	Branding Campaign: advertising of Old Parliament House programs and events on ACTION bus panels.	\$13 612.50
HMA Blaze	Branding Campaign: billboards placed on highway to/from Sydney advertising Old Parliament House programs and events.	\$16 897.21
MA@D Communication	National Portrait Gallery: branding pitch fee	\$11 000.00
Art Direction Creative	National Portrait Gallery: branding pitch fee	\$11 000.00
ZOO Communications	National Portrait Gallery: branding pitch fee	\$11 000.00
HMA Blaze	Panorama Placements July–December 2007 Old Parliament House	\$16 044.60

Organisation name	Purpose	Amount of payment
Campaign Palace Red Cell Pty Ltd	Development of a creative strategy for the Regional Telecommunications Consumer Information Campaign to increase consumer awareness and understanding of their telecommunication rights and safeguards.	\$522 045.48
Origin Communications Pty Ltd	Assist with the conduct of localised media liaison associated with regional briefings and Connect Australia program milestones and a Regional Communication Forum to increase consumers' understanding of their rights and Connect Australia programs.	\$88 000.00
Cox Inall Communications Pty Ltd	Develop and implement a public relations strategy to raise awareness and understanding of the key messages of the Regional Telecommunications Consumer Information Campaign, targeted to a regional level, and complementing paid advertising and the direct mail device.	\$453 909.50
HMA Blaze	Staff recruitment advertising	\$30 672.58
HMA Blaze	Staff recruitment advertising	\$12 061.01
HMA Blaze	Staff recruitment advertising	\$10 783.47
HMA Blaze	Staff recruitment advertising	\$11 172.32
HMA Blaze	Staff recruitment advertising	\$15 393.84
HMA Blaze	Staff recruitment advertising	\$21 001.46
HMA Blaze	Advertising the recruitment of the Chief Executive Officer, Australia Council	\$12 115.40
303 Advertising Pty Ltd	NetAlert—Protecting Australian Families Online: creative agency for the consumer information campaign	\$1 159 384.30
Total advertising agencies		\$3 112 362.50

Direct mail organisations

Organisation name	Purpose	Amount of payment
Australia Post	Printing and distribution of the Regional Telecommunications Consumer Information Campaign material	\$2 055 996.04
SALMAT Limited	Printing and distribution of Public Lending Right payment advice letters	\$10 301.50
Total direct mail organisations		\$2 066 297.54

Market research organisations

Organisation name	Purpose	Amount of payment
Orima Research	Testing of branding campaign concepts for Old Parliament House, included development of discussion guide, focus groups discussion & reporting.	\$16 471.00
Quantum Market Research (Aust) Pty Ltd	Conduct developmental research to inform the Regional Telecommunications Consumer Information Campaign on regional communications initiatives.	\$148 400.00
Quantum Market Research (Aust) Pty Ltd	Conduct developmental research to inform the Regional Telecommunications Consumer Information Campaign on regional communications initiatives.	\$329 934.00
Wallis Consulting Group	NetAlert—Protecting Australian Families Online: Market research activity for the consumer information campaign	\$384 370.00
Total Market research organisations		\$879 175.00

Media advertising organisations

Organisation name	Purpose	Amount of payment
WIN Television	TV advertising airing fee for National Portrait Gallery exhibition, Rennie Ellis (Photographer) held Apr–Aug 06	\$33 058.30
WIN Television	Advertising of Old Parliament House Press Gallery exhibit—Dec 06 & Jan 07	\$13 212.10
WIN Television	TV placement for Great Depression Exhibition TV commercial advertisements during May–June 2007	\$16 493.40
HMA Blaze	Clever Networks Round 1 advertising	\$17 544.81
HMA Blaze	Clever Networks Round 2 advertising	\$15 304.64
HMA Blaze	National advertising for the cyber security workshops	\$18 140.78
HMA Blaze	Advertising seeking comments on structure of the .au internet domain	\$13 838.54
HMA Blaze	Advertising for Visions of Australia and regional programs funding round	\$29 593.39
HMA Blaze	Advertising for the Cultural Gifts Program and Register of Cultural Organisations Program	\$39 966.37
HMA Blaze	Advertising for 2006–07 Public Lending and Educational Lending Right programs	\$20 246.48
HMA Blaze	Advertising for general arts program funding	\$16 724.29
HMA Blaze	Advertising for Festivals Australia and Festivals Australia Regional Residencies	\$13 442.88
HMA Blaze	Contemporary Music Touring Program advertising	\$25 173.50
Total media advertising organisations		\$272 739.48

Appendix 9

Discretionary grants

Discretionary grants are payments where the Minister or paying agency has discretion in determining whether or not a particular applicant receives funding and the conditions that apply in return for the grant.

The discretionary grant programs administered by the Department in 2006–07 are listed below.

- + Anti-Doping Research Program
- + Clever Networks Program
- + Coordinated Communications Infrastructure Fund
- + Cultural Development Program
- + Contemporary Music Touring Program
- + Festivals Australia
- + Playing Australia
- + Regional Arts Fund
- + Visions of Australia
- + Contemporary Touring Initiative
- + Demand Aggregation Broker program
- + Indigenous Broadcasting program
- + Indigenous Sport and Recreation Program
- + Indigenous Culture Support program
- + National Arts and Crafts Industry Support program
- + Maintenance of Indigenous Languages and Records program
- + National Transmission Network Residual Funding Pool
- + IT Training and Technical Support program
- + National Recreation Safety program
- + Telecommunications consumer representation and research grants
- + Television Black Spots—Alternative Technical Solutions program.

More information about these programs is available on the Department's website at www.dcita.gov.au A list of grant recipients for each program is available on request.

Appendix 10

Ecologically Sustainable Development (ESD) and environmental performance

The Department has continued its commitment to ecologically sustainable development and environmental performance. The Department's Environmental Policy is aimed at minimising the effect that the Department's daily activities have on the environment by promoting:

- + reusing and recycling waste and materials consumed by its activities
- + complying with relevant legislation, government initiatives and policies
- + effectively communicating environmental responsibilities, initiatives and programs
- + encouraging participation in the workplace and promoting awareness of environmental opportunities
- + applying the principles of ecologically sustainable development to capital works projects.

Specific initiatives undertaken during the year to assist in this aim included:

- + completion of an environmental review of the Department's office-based operations to identify those elements of operations with potential to interact with the environment
- + completion of energy, water and waste audits to ascertain benchmark levels to set reduced target consumption levels
- + continued promotion and monitoring of E10 (ethanol blend) fuel usage in the Department's vehicle fleet
- + provision of paper, commingled, and toner recycling facilities
- + participation in the MobileMuster mobile phone recycling scheme

- + continued purchase of eight per cent green energy
- + arrangement of appropriate disposal of spent Ni-Cad batteries and fire detectors.

These initiatives have allowed the Department to further improve and move closer to accreditation of the Department's Environmental Management System, which is expected early in 2007–08.

Monitoring of the Environmental Management System continued to be a focus during the year via the energy consumption monitoring through the Department of Environment and Water Resources OSCAR online reporting system.

FINANCIAL STATEMENTS

DEPARTMENT OF COMMUNICATIONS,
INFORMATION TECHNOLOGY AND THE ARTS

REGIONAL TELECOMMUNICATIONS
INFRASTRUCTURE ACCOUNT



05



INDEPENDENT AUDITOR'S REPORT

To the Minister for Communications, Information Technology and the Arts

Matters relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the financial statements published on the website of the Department of Communications, Information Technology and the Arts for the year ended 30 June 2007. The Department's Secretary is responsible for the integrity of the web site.

This auditor's report refers only to the primary statements, schedules and notes named below. It does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial statements.

If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements in the Department's annual report.

Scope

I have audited the accompanying financial statements of the Department of Communications, Information Technology and the Arts for the year ended 30 June 2007, which comprise: a Statement by the Secretary and Chief Financial Officer; income statement; balance sheet; statement of changes in equity; cash flow statement; schedules of commitments, contingencies and administered items; a summary of significant accounting policies; and other explanatory notes.

The Responsibility of the Secretary for the Financial Statements

The Department's Secretary is responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the Financial Management and Accountability Act 1997 and the Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing

Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Department's Secretary, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial statements of the Department of Communications, Information Technology and the Arts:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, and the Australian Accounting Standards (including the Australian Accounting Interpretations); and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Department of Communications, Information Technology and the Arts' financial position as at 30 June 2007 and of its financial performance and its cash flows for the year then ended.

Australian National Audit Office



Carla Jago
Executive Director
Delegate of the Auditor-General

Canberra
27 September 2007



Australian Government
Department of Communications,
Information Technology and the Arts

DEPARTMENT OF COMMUNICATIONS, INFORMATION TECHNOLOGY
AND THE ARTS (DCITA)

2006-2007 FINANCIAL STATEMENTS

STATEMENT BY THE DEPARTMENTAL SECRETARY
AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2007 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

The Finance Minister has granted the Department an exemption from the application of section 37.2 of schedule 1 to the Finance Minister's Orders (Financial Periods ending on or after 1 July 2006). This exemption relates to the requirement that heritage and cultural assets with useful lives in excess of 200 years shall not be depreciated.

Signed.....

Patricia Scott
Secretary

25 September 2007

Signed.....

Jennifer Gale FCPA
Chief Financial Officer

25 September 2007

Department of Communications, Information Technology and the Arts
INCOME STATEMENT
for the year ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
INCOME			
Revenue			
Revenue from Government	3A	146,552	119,804
Sale of goods and rendering of services	3B	3,170	3,047
Rental income	3C	865	1,305
Royalties	3D	16	-
Other revenue	3E	4,724	4,518
Total revenue		155,327	128,674
Gains			
Sale of assets	3F	7	-
Other gains	3G	411	406
Total gains		418	406
Total Income		155,745	129,080
EXPENSES			
Employee benefits	4A	76,915	67,451
Suppliers	4B	48,257	40,796
Grants	4C	1,292	2,513
Depreciation and amortisation	4D	3,819	3,385
Finance costs	4E	82	60
Write-down and impairment of assets	4F	4	287
Losses from asset sales	4G	-	28
Other expenses	4H	12	30
Total Expenses		130,381	114,550
Surplus (Deficit)		25,364	14,530

The above statement should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
BALANCE SHEET
as at 30 June 2007

	Notes	2007 \$'000	2006 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	8,497	9,378
Trade and other receivables	5B	94,744	64,377
Accrued revenue	5C	13	25
Total financial assets		103,254	73,780
Non-Financial Assets			
Land and buildings	6A,E	5,562	5,176
Infrastructure, plant and equipment	6B,E	8,606	7,721
Heritage and cultural assets	6C,E	48,252	41,814
Intangibles	6D,F	1,041	1,023
Inventories	6G	51	36
Other non-financial assets	6H	675	602
Total non-financial assets		64,187	56,372
Total Assets		167,441	130,152
LIABILITIES			
Payables			
Suppliers	7A	7,474	4,545
Unearned income	7B	2,646	1,971
Lease incentives	7C	244	280
Other payables	7D	75	818
Total Payables		10,439	7,614
Provisions			
Employee provisions	8A	20,506	18,785
Provision for makegood on leased property	8B	1,585	1,124
Total provisions		22,091	19,909
Total Liabilities		32,530	27,523
Net Assets		134,911	102,629
EQUITY			
Contributed equity		14,555	12,453
Reserves		23,730	18,914
Retained surplus		96,626	71,262
Total Equity		134,911	102,629
Current Assets		46,051	25,644
Non-Current Assets		121,390	104,508
Current Liabilities		28,139	24,362
Non-Current Liabilities		4,391	3,161

The above statement should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
STATEMENT OF CHANGES IN EQUITY
as at 30 June 2007

Item	Accumulated Results		Asset Revaluation Reserves		Contributed Equity		Total Equity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Opening balance								
Balance carried forward from previous period	71,262	56,732	18,914	17,032	12,453	11,806	102,629	85,570
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-
Adjusted opening balance	71,262	56,732	18,914	17,032	12,453	11,806	102,629	85,570
Income and expenses								
Re-measurement of makegood adjustment	-	-	-	(4)	-	-	-	(4)
Revaluation adjustment	-	-	4,816	1,886	-	-	4,816	1,886
Sub-total income and expenses recognised directly in equity	-	-	4,816	1,882	-	-	4,816	1,882
Surplus (Deficit) for the period	25,364	14,530	-	-	-	-	25,364	14,530
Total income and expenses	25,364	14,530	4,816	1,882	-	-	30,180	16,412
Transactions with owners								
<i>Distributions to owners</i>								
Returns of capital:								
Restructuring (Note 9)	-	-	-	-	-	-	-	-
<i>Contributions by Owners</i>								
Appropriation (equity injection)	-	-	-	-	2,102	647	2,102	647
Sub-total transactions with owners	-	-	-	-	2,102	647	2,102	647
Closing balance at 30 June	96,626	71,262	23,730	18,914	14,555	12,453	134,911	102,629

The above statement should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
CASH FLOW STATEMENT
for the year ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
OPERATING ACTIVITIES			
Cash Received			
Goods and services		4,183	4,922
Appropriations		123,127	110,918
Grant receipts		515	240
Net GST received from ATO		4,376	3,776
Other cash received		3,906	3,510
Total cash received		136,107	123,366
Cash Used			
Employees		75,374	67,254
Suppliers		51,330	45,980
Grants		1,422	1,320
Cash transfer to the OPA		4,937	3,190
Other cash used		416	105
Total cash used		133,479	117,849
Net cash from or (used by) operating activities	10	2,628	5,517
INVESTING ACTIVITIES			
Cash Received			
Proceeds from sales of property, plant and equipment		18	22
Total cash received		18	22
Cash Used			
Purchase of property, plant and equipment		4,787	5,806
Total cash used		4,787	5,806
Net cash from or (used by) investing activities		(4,769)	(5,784)
FINANCING ACTIVITIES			
Cash Received			
Appropriations - contributed equity		1,260	476
Total cash received		1,260	476
Net cash from or (used by) financing activities		1,260	476
Net increase or (decrease) in cash held		(881)	209
Cash at the beginning of the reporting period		9,378	9,169
Cash at the end of the reporting period	5A	8,497	9,378

The above statement should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
SCHEDULE OF COMMITMENTS
as at 30 June 2007

	2007	2006
	\$'000	\$'000
BY TYPE		
Commitments Receivable		
Sublease rental income ¹	(2,042)	(3,853)
GST recoverable on commitments	(3,905)	(2,000)
Total commitments receivable	(5,947)	(5,853)
Commitments Payable		
Capital commitments		
Land and buildings ²	1,664	-
Infrastructure, plant and equipment ³	479	-
Total capital commitments	2,143	-
Other commitments		
Operating leases ⁴	32,477	17,883
Project commitments	339	595
Research and development	-	6
Grant commitments	346	437
Service contract commitments ⁵	8,749	6,481
Other commitments	946	449
Total other commitments	42,857	25,851
Net Commitments by Type	39,053	19,998
BY MATURITY		
Commitments Receivable		
Operating lease income		
One year or less	(619)	(3,099)
From one to five years	(1,423)	(754)
Over five years	-	-
Total operating lease income	(2,042)	(3,853)
Other commitments receivable		
One year or less	(1,454)	(871)
From one to five years	(2,451)	(1,129)
Over five years	-	-
Total other commitments receivable	(3,905)	(2,000)
Commitments Payable		
Capital commitments		
One year or less	2,143	-
From one to five years	-	-
Over five years	-	-
Total capital commitments	2,143	-
Operating lease commitments		
One year or less	7,912	7,350
From one to five years	24,565	10,533
Over five years	-	-
Total operating lease commitments	32,477	17,883
Other commitments		
One year or less	6,809	5,326
From one to five years	3,571	2,642
Over five years	-	-
Total other commitments	10,380	7,968
Net Commitments by Maturity	39,053	19,998

NB: Commitments are GST inclusive where relevant.

Department of Communications, Information Technology and the Arts SCHEDULE OF COMMITMENTS

as at 30 June 2007

¹ Sublease rental income commitments relate to the Old Parliament House.

² Land and building commitments relate to outstanding contractual payments for fitout works.

³ Infrastructure, plant and equipment commitments are primarily contracts for purchases of furniture and fittings for Digital Australia and Old Parliament House.

⁴ The main operating leases include the following:

Nature of lease	General description of leasing arrangement
Leases for office accommodation	<p><u>Main office accommodation</u></p> <p>Lease payments at 38 Sydney Avenue, Canberra are subject to bi-annual reviews adjusted to reflect current market rates. The initial term for the office accommodation expires on 21 November 2007. Two further terms, each of 5 years, are able to be renewed at the Department's discretion following an assessment of its accommodation requirements and current market rates. The Department accepted the first 5 year option on 21 February 2007. The second term for the office accommodation expires on 21 November 2012.</p> <p><u>Secondary office accommodation</u></p> <p>Lease payments at 44 Sydney Avenue, Canberra are subject to a 4% fixed annual adjustment. The initial term for the office accommodation expires on 31 July 2010. A further term of 3 years is available at the Department's discretion following an assessment of its accommodation requirements and current market rates.</p> <p>Lease payments at 28 National Circuit (Burns Centre), Canberra are subject to an annual adjustment based on the Consumer Price Index. The initial term for the accommodation expires on 31 July 2010. There are no options, in the lease, for extension beyond this date.</p> <p>Lease payments at 31 Market Street, Sydney (Digital Australia) are subject to a 4% fixed annual adjustment. The Department signed the lease on the 26 March 2007 and the initial term expires on 25 March 2010. A further term of 3 years is available at the Department's discretion.</p> <p>Lease payments at Rosebery, Sydney (Artbank) are adjusted annually by 3.5% with a market review process for the option period. The current lease of the premises expires on 30 June 2008. There is a further 2 year option on the lease. The Rosebery office is the head office and main storage facility for Artbank.</p> <p>Lease payments at 845 High Street, Armadale, Victoria (Artbank) are adjusted annually by 3.5% with a market review process for the option period. The current lease expires on 14 September 2007. There is a further 3 year option on the lease. The intention is to take up this further option period. The premises act as a showroom to service Artbank's Victorian, South Australian and Tasmanian clients.</p>
Lease of networked photocopier	<p>The three year lease of a Fuji Xerox photocopier/printer for Artbank expires in April 2008.</p> <p>The lease is at a set monthly rate with quarterly click charges based on the number of colour and black and white copies produced. The Department can review or terminate the lease at the expiry date. There is no residual on the lease.</p>
Agreements for the provision of motor vehicles to senior executive officers	No contingent rentals exist. There are no renewal or purchase options available to the Department.

⁵ Service contract commitments primarily relate to security, cleaning, payroll, consultancies and contractors.

The above schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
SCHEDULE OF ADMINISTERED ITEMS

	Notes	2007 \$'000	2006 \$'000
Income Administered on Behalf of Government <i>for the year ended 30 June 2007</i>			
Revenue			
Interest	16A	131,837	86,259
Dividends	16B	1,181,869	2,860,983
Industry levies	16C	3,710	11,075
Other revenue	16D	2,847	7,383
Total revenues administered on behalf of Government		1,320,263	2,965,700
Gains			
Sale of assets	16E	10,135,284	-
Other gains	16F	6,643,512	-
Total gains administered on behalf of Government		16,778,796	-
Total income administered on behalf of Government		18,099,059	2,965,700
Expenses Administered on Behalf of Government <i>for the year ended 30 June 2007</i>			
Grants	17A	271,945	358,445
Subsidies	17B	166,199	225,909
Suppliers	17C	5,204	4,605
Depreciation and amortisation	17D	3,569	8,217
Write-down and impairment of assets	17E	348	6,274
Other expenses	17F	21,932	33,747
Total expenses administered on behalf of Government		469,197	637,197
This schedule should be read in conjunction with the accompanying notes.			

Department of Communications, Information Technology and the Arts
SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2007 \$'000	2006 \$'000
Assets Administered on Behalf of Government			
<i>as at 30 June 2007</i>			
Financial Assets			
Cash	18A	74	66
Receivables	18B	6,816	15,765
Investments	18C	11,751,475	34,116,832
Total financial assets		11,758,365	34,132,663
Non-Financial Assets			
Land and buildings	18D,F	36,630	35,606
Heritage and cultural assets	18E,F	58,290	55,109
Prepayments	18G	49,041	43,311
Total non-financial assets		143,961	134,026
Total assets administered on behalf of Government		11,902,326	34,266,689
Liabilities Administered on Behalf of Government			
<i>as at 30 June 2007</i>			
Payables			
Suppliers	19A	1,810	355
Grants and subsidies	19B	13,521	53,249
GST payable	19C	4,811	9,882
Other payables	19D	22	624
Total liabilities administered on behalf of Government		20,164	64,110
This schedule should be read in conjunction with the accompanying notes.			

Department of Communications, Information Technology and the Arts
SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2007 \$'000	2006 \$'000
Administered Cash Flows			
<i>for the year ended 30 June 2007</i>			
OPERATING ACTIVITIES			
Cash Received			
Interest		131,775	84,614
Dividends		1,181,869	2,860,983
GST received from ATO		43,944	38,333
Other		2,396	12,568
Total cash received		1,359,984	2,996,498
Cash Used			
Grant payments		296,425	420,873
Subsidies paid		222,250	205,326
Suppliers		5,980	5,312
Other		20,595	34,884
Total cash used		545,250	666,395
Net cash from or (used by) operating activities		814,734	2,330,103
INVESTING ACTIVITIES			
Cash Received			
Proceeds from return of investments		-	-
Total cash received		-	-
Cash Used			
Purchase of property, plant and equipment		4,235	4,888
Purchase of investments		131,392	2,084,595
Total cash used		135,627	2,089,483
Net cash from or (used by) investing activities		(135,627)	(2,089,483)
Net increase or (decrease) in cash held		679,107	240,620
Cash at the beginning of the reporting period		66	65
Cash from Official Public Account for:			
- Appropriations		510,622	631,160
- Special accounts		9,566	2,010,976
- Other		39,135	43,771
		559,323	2,685,907
Cash to Official Public Account for:			
- Appropriations		(485)	(14,566)
- Special accounts		(9,563)	(10,560)
- Dividends		(1,181,870)	(2,860,983)
- Other		(46,504)	(40,417)
		(1,238,422)	(2,926,526)
Cash at the end of the reporting period	18A	74	66

This schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
SCHEDULE OF ADMINISTERED ITEMS (continued)

	2007 \$'000	2006 \$'000
Administered Commitments		
<i>as at 30 June 2007</i>		
BY TYPE		
Commitments Receivable		
Other commitments	(23,280)	(19,986)
Total commitments receivable	(23,280)	(19,986)
Commitments Payable		
Capital Commitments		
Heritage and cultural assets ¹	861	141
Total capital commitments	861	141
Other Commitments		
Project commitments ²	-	38
Grant commitments ³	254,754	219,628
Other commitments	-	40
Total other commitments	254,754	219,706
Net Commitments by Type	232,335	199,861
BY MATURITY		
Commitments Receivable		
Other Commitments Receivable		
One year or less	(23,280)	(19,986)
From one to five years	-	-
Over five years	-	-
Total other commitments receivable	(23,280)	(19,986)
Commitments Payable		
Capital Commitments		
One year or less	861	141
From one to five years	-	-
Over five years	-	-
Total capital commitments	861	141
Other Commitments		
One year or less	80,646	101,145
From one to five years	174,108	118,561
Over five years	-	-
Total other commitments	254,754	219,706
Net Administered Commitments by Maturity	232,335	199,861

NB: All commitments are GST inclusive where relevant.

¹ Heritage and cultural asset commitments relate to the refurbishment of Old Parliament House (OPH)

² There were no project commitments when compared to last year for Television Blackspots - Alternative Technical Solutions

³ Grant commitments mainly relate to ICT Centre of Excellence (\$110.85m), Indigenous Broadcasting (\$61.86m), Connect Australia - Backing Indigenous Ability (\$52.98m), Connect Australia - Clever Networks (\$8.80m), Cultural Development Program (\$4.70m) and Sport and Recreation Facilities (\$3.93m)

This schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
SCHEDULE OF ADMINISTERED ITEMS (continued)

Administered Contingencies
as at 30 June 2007

Administered Contingent Assets	Other Guarantees ¹		Indemnities ²		Total	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance from previous period	-	-	-	-	-	-
New	-	-	-	-	-	-
Re-measurement	-	-	-	-	-	-
Assets crystallised	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Total administered contingent assets	-	-	-	-	-	-
Administered Contingent Liabilities						
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance from previous period	-	150	1,129,802	394,490	1,129,802	394,640
New	87	-	-	1,129,802	87	1,129,802
Re-measurement	-	-	-	-	-	-
Liabilities crystallised	-	-	-	-	-	-
Obligations expired	-	(150)	(1,020,670)	(394,490)	(1,020,670)	(394,640)
Total administered contingent liabilities	87	-	109,132	1,129,802	109,219	1,129,802
Net Contingent Assets (Liabilities)					(109,219)	(1,129,802)

¹ Guarantee against loss

² Commonwealth indemnity of art exhibitions.

Statement of Activities Administered on Behalf of Government

The major administered activities of the Department of Communications, Information Technology and the Arts are directed towards achieving the three outcomes described in Note 1 to the Financial Statements. The major activities undertaken contribute towards: the development of a rich and stimulating cultural sector for all Australians; the development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians; and the development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians, and an internationally competitive information economy and information and communication technology industry.

Details of planned activities for the year can be found in the Agency Portfolio Budget and Portfolio Additional Estimates Statements for 2006–07, which have been tabled in Parliament.

This schedule should be read in conjunction with the accompany notes.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

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Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Department

The Department of Communications, Information Technology and the Arts (the Department) is an Australian Public Service organisation. The objective of the Department is to support the communications, information technology, cultural and sports sectors by providing strategic policy advice to Government and delivering a range of Australian Government grants and incentive programs.

The Department incorporates Artbank and is structured to meet three Outcomes:

Outcome 1: Development of a rich and stimulating cultural sector for all Australians.

This Outcome is achieved through:

- policy advice, program management and agency support which promotes excellence in, preservation and maintenance of, and access to Australia's cultural activities, national cultural collections and buildings, and Indigenous languages.

Outcome 2: Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians.

This Outcome is achieved through:

- policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector.

Outcome 3: Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians and an internationally competitive information economy and Information and Communication Technology industry.

This Outcome is achieved through:

- policy advice and program management that delivers competitively priced, accessible and high quality telecommunications, broadcasting and postal services and that supports development and application of a competitive capability in Information and Communications Technology.

From 10 April 2007 the Department's activities are identified under three Outputs, one Output for each Outcome.

From 1 July 2006 to 9 April 2007 and in 2005–06 Departmental activities were identified under seven Outputs.

Two Outputs were identified for Outcome 1:

- Output 1.1: Policy advice, program management and agency support which promotes excellence in, preservation and maintenance of, and access to Australia's cultural activities, cultural collections and Indigenous languages; and
- Output 1.2: Preservation of and access to Old Parliament House and the National Portrait Gallery and their respective collections.

One Output was identified for Outcome 2, and four Outputs were identified for Outcome 3:

- Output 3.1: Policy advice and program management which encourages competitively priced and reasonably accessible telecommunications and postal services;
- Output 3.2: Policy advice and program management which promote accessible high quality broadcasting services;
- Output 3.3: Policy advice and program management that assist the development of the Information and Communications Technology industry; and
- Output 3.4: Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally.

Department of Communications, Information Technology and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

The Department's activities contributing toward these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Department, on behalf of the Government, of items controlled or incurred by the Government.

The continued existence of the Department in its present form and with its present programs is dependent on Government policy and on continuing appropriations by Parliament for the Department's administration and programs.

1.2 Basis of Preparation of the Financial Report

The Financial Statements and notes are required by section 49 of the *Financial Management and Accountability Act 1997* and are a General Purpose Financial Report.

The Financial Statements have been prepared in accordance with:

- Finance Minister's Orders (or FMOs) for reporting periods ending on or after 1 July 2006 with the exception of section 37.2 of the FMOs relating to the depreciation of heritage and cultural assets where exemption has been provided by the Minister for Finance and Administration; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial report has been prepared on an accrual basis and is in accordance with the historical cost convention, except for certain assets and liabilities, which, as noted, are at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The Financial Report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

Unless an alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the Department and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrealised are reported in the Schedule of Commitments and Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 11).

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, revenues and expenses are recognised in the Income Statement when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Administered revenues, expenses, assets and liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for Departmental items, except where otherwise stated at Note 1.23.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Department has made some judgements that do not have a significant impact on the amounts recorded in the financial statements.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

1.4 Statement of Compliance

Australian Accounting Standards require a statement of compliance with International Financial Reporting Standards (IFRS) to be made where the financial report complies with these standards.

Some Australian equivalents to IFRS and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. The Department is a not-for-profit entity and has applied these requirements, so while this financial report complies with Australian Accounting Standards, including the Australian Equivalents to International Financial Reporting Standards (AEIFRS), it cannot make this statement of compliance to IFRS.

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the effective date in the current period.

Other effective requirement changes

The following amendments, revised standards or interpretations have become effective but have had no financial impact or do not apply to the operations of the Department.

Amendments:

Title	Standard/s affected	Application date*	Details of change	Impact on financial report
2004-3	AASB 1, AASB 101 and AASB 124	1 Jan 2006	Enacts amendments arising from the revised AASB 119 <i>Employee Benefits</i>	No impact as AASB 119 was early adopted (Dec 04)
2005-1	AASB 139	1 Jan 2006	Amends hedging requirements for foreign currency risk of a highly probable intra-group transaction	No impact
2005-3	AASB 119	1 Jan 2006	Amendment to include consideration of future taxes into Actuarial assumption	No impact
2005-4	AASB 1, AASB 132, AASB 139, AASB 1023 and AASB 1038	1 Jan 2006	Amends AASB 139, AASB 1023 and AASB 1038 to restrict the ability to designate financial assets and liabilities as fair value through profit or loss and makes consequential amendments to AASB 1 and AASB 132	No impact
2005-5	AASB 1 and AASB 139	1 Jan 2006	Amends AASB 1 to allow an entity to determine whether an arrangement is, or contains, a lease. Amends AASB 139 to scope out a contractual right to receive reimbursement (in accordance with AASB 137) in the form of cash	No impact
2005-6	AASB 3	1 Jan 2006	Amends the scope to exclude business combinations involving entities or businesses under common control	No impact

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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2005-9	AASB 4, AASB 132, AASB 139 and AASB 1023	1 Jan 2006	Amended standards in regards to financial guarantee contracts	No impact
2006-1	AASB 121	31 Dec 2006**	Changes in requirements for net investments in foreign subsidiaries depending on denominated currency	No impact
2006-3	AASB 1045	31 Dec 2006**	Alters the expiry date of the <i>Lands Under Roads</i> transition provisions from 31 Dec 2006 to 31 Dec 2007	No impact
2006-4	AASB 134 and AASB 1049	31 Dec 2006**	Removes the inconsistency between these two standards in relation to interim reporting by General Government Sectors	No impact
2007-2	AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 and AASB 139	28 Feb 2007**	Change of reference from "UIG Interpretation" to "Interpretations" as the Urgent Issues Group has been disbanded and replaced by an Interpretation framework involving a AASB Interpretations Agenda Committee (IAC)	No impact
New standard	AASB 1048, Interpretation and Application of Standards	31 Mar 2007**	This standard has been created to list the Interpretations and therefore enable other standards to reference AASB 1048 when referring to an Interpretation	No impact

* The Application Date is for annual reporting periods beginning on or after the date shown unless marked with ** in which case it applies from periods ending on or after the date shown.

Interpretations:

Interpretation No.	Operative date	Title	Impact on financial report
4	1 Jan 2006	Determining whether an Arrangement contains a Lease	Might have impact in future periods, subject to existing contracts being renegotiated
5	1 Jan 2006	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	No impact
6	1 Dec 2005	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	No impact
7	1 Mar 2006	Applying the Restatement of Approach under AASB 129 <i>Financial Reporting in Hyper-Inflationary Economies</i>	No impact
8	1 May 2006	Scope of AASB 2 <i>Share Based Payments</i>	No impact
9	1 Jun 2006	Reassessment of Embedded Derivatives	Might have impact in future periods, subject to existing contracts being renegotiated
10	1 Nov 2006	Interim Financial Reporting and Impairment	No impact

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Future Australian Accounting Standard requirements

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

Title	Standard affected	Application date	Details of change	Impact on financial report
New standard	AASB 7 <i>Financial Instruments: Disclosures</i>	1 Jan 2007	Revise the disclosure requirements for financial instruments from AASB132 requirements	These changes have no financial impact but will affect the disclosure presented in future financial reports
2005-10	AASB 1, AASB 4, AASB 101, AASB 114, AASB 117, AASB 132, AASB 133, AASB 139, AASB 1023 and AASB 1038	1 Jan 2007	Amended requirements subsequent to the issuing of AASB 7	These changes have no financial impact but will affect the disclosure presented in future financial reports
2007-1	AASB 2	1 Mar 2007	Amendment arising from AASB Interpretation 11 on <i>Share Based Payments</i>	No impact
2007-4	AASB 1, 2,3,4,5,6,7,102,107,108,110,112,114,116,117,118,119,120,121,127,128,129,130,131,132,133,134,136,137,138,139,141,1023 and 1038	1 Jul 2007	AASB has decided to make the AEIFRS requirements the same as IFRS for for-profit entities, effectively re-instating the options available under IFRS. Some amendments affecting the public sector are; reinstatement of options for indirect method of presenting Cash Flow Statements, and non monetary grants	No impact
2007-2	AASB 1	1 Jan 2008	Provides some immunity from retrospective application of accounting treatments required by Interpretation 12 <i>Service Concession Arrangements</i>	No impact
2007-3	AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038	1 Jan 2009	Consequential amendments relating to AASB 8 <i>Operating Segments</i>	No impact
New standard	AASB 8 <i>Operating Segments</i>	1 Jan 2009	New Standard in relation to Operating Segments	No impact

Department of Communications, Information Technology and the Arts
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New standard	AASB 1049 <i>Financial Reporting of General Government Sectors by Governments</i>	1 Jul 2008	Implements Phase 1 of the GAAP / GFS harmonisation project. This standard applies to the Australian Government and State Governments. It will be a future Phase 2 that impacts on government departments	No impact
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Interpretations:

Interpretation No.	Operative date	Title	Impact on financial report
4 (revised)	1 Jan 2008	Determining whether an Arrangement contains a Lease (revised)	Might have impact in future periods, subject to existing contracts being renegotiated
11	1 Mar 2007	AASB 2 <i>Group and Treasury Share Transactions</i>	No impact
12	1 Jan 2008	Service Concession Arrangements	No impact
129 (revised 12)	1 Jan 2008	Service Concession Arrangements Disclosures (revised)	No impact

1.5 Revenue

Revenue from Government

Amounts appropriated for departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

Resources Received Free of Charge

Resources received free of charge are recognised as gains when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government Agency or Authority as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Resources received free of charge are recognised as either revenue or gains depending on their nature, i.e. whether or not they have been generated in the course of the ordinary activities of the Department.

Other Types of Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the seller retains no managerial involvement nor effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when the:

- amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

- probable economic benefits with the transaction will flow to the Department.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total cost of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due, less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is no longer probable.

Dividends are recognised when the right to receive payment is established.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

1.6 Gains

Other Resources Received Free of Charge

Resources received free of charge are recognised as gains when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government Agency or Authority as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

Resources received free of charge are recorded as either revenue or gains depending on their nature, i.e. whether they have been generated in the course of the ordinary activities of the Department.

Sale of Assets

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as Owner

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) are recognised directly in Contributed Equity in that year.

Restructuring of Administrative Arrangements

Net assets received from, or relinquished to, another Australian Government agency or Authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

As a result of the sale arrangements regarding the investment in Telstra, shares were transferred to the Future Fund. In addition, shares associated with the sale arrangement were transferred to the Department of Finance and Administration. For these transactions the net book value was adjusted against contributed equity. The shares sold to the public were recognised in the Income Statement.

Other distributions to owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend. There were no distributions to owners in 2006–07.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

1.8 Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled. Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave, as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Department is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the Department's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2007. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The Department recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

Staff of the Department are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap).

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

The Department makes employer contributions to the Employee Superannuation Scheme at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the Department's employees. The Department accounts for the contributions as if they were contributions to defined contribution plans.

From 1 July 2005, new employees are eligible to join the PSSap scheme.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the lease and a liability is recognised at the same time and for the same amount.

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The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between principal components and interest expense.

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

Lease incentives in the form of rent free periods are recognised as liabilities, with lease payments allocated between rental expense and reduction of the liability.

1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

1.11 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.12 Financial Risk Management

The Department's activities expose it to normal commercial financial risk. As a result of the nature of the Department's business and Australian Government policies, dealing with the management of financial risk, the Department's exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered to be low.

1.13 Investments

Investments are initially measured at their fair value.

After initial recognition, financial investments are to be measured at their fair values except for:

- loans and receivables which are measured at amortised cost using the effective interest method;
- held-to-maturity investments which are measured at amortised cost using the effective interest method; and
- investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, which are measured at cost.

1.14 Derecognition of Financial Assets and Liabilities

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another entity. In the case of a transfer to another entity, it is necessary that the risks and rewards of ownership are also transferred.

Financial liabilities are derecognised when the obligation under the contract is discharged, cancelled or expires.

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1.15 Impairment of Financial Assets

Financial assets are assessed for impairment at each balance date.

Financial Assets held at Amortised Cost

If there is objective evidence that an impairment loss has been incurred for loans and receivables, or held-to-maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Income Statement.

Financial Assets held at Cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because it cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

Available for Sale Financial Assets

If there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Income Statement.

1.16 Suppliers and Other Payables

Suppliers and Other Payables

Suppliers and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Grants and Subsidies Payable

Grants and subsidies made by the Department are recognised as liabilities and expenses only at the time that the recipient has met all obligations and conditions required in the grant or subsidy agreement.

1.17 Contingent Liabilities and Contingent Assets

Contingent liabilities and assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Contingent assets are reported when settlement is probable, and contingent liabilities are recognised when settlement is greater than remote.

1.18 Acquisition of Assets

Asset Recognition

Assets are recorded at cost on acquisition, except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

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Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor Department's accounts immediately prior to the restructuring.

1.19 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'makegood' provisions in property leases taken up by the Department where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Department's leasehold improvements with a corresponding provision for the 'makegood' taken up.

Revaluations

Fair values for each class of asset are determined as shown below:

<i>Asset Class</i>	<i>Fair value measured at:</i>
Buildings excluding leasehold improvements	Depreciated replacement cost
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Market selling price or depreciated replacement cost
Heritage and cultural assets	Market selling price or depreciated replacement cost

Following initial recognition at cost, property, plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through the Income Statement. Revaluation decrements for a class of assets are recognised directly through the Income Statement except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Department using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

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	2007	2006
Buildings		
• Buildings	25 years	25 years
• Leasehold improvements	Lower of 10 years or term of lease	Lower of 10 years or term of lease
Infrastructure, plant and equipment		
• Computer equipment	3 to 5 years	3 to 5 years
• Plant, office equipment, furniture & fittings	5 to 10 years	5 to 10 years
Heritage and Cultural Assets		
• Heritage assets	2 to 40 years	2 to 40 years
• Artworks	10 to 500 years	10 to 500 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4D.

Special Categories of Assets

The Old Parliament House and Heritage Furniture are categorised as restricted assets under Division 36 of the FMOs. Restricted assets are those assets which cannot be deployed or disposed because of legal or government policy restraints. Specifically, the Department cannot take action that has, will have or is likely to have, a significant impact on the national heritage values of the Old Parliament House and Heritage Furniture without the approval of the Australian Government Minister for the Environment and Water Resources.

Impairment of Non-Current Assets

All assets were assessed for impairment at 30 June 2007. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependant on the asset's ability to generate future cash flows, and the asset would be replaced if the Department were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

No impairment was identified for property, plant and equipment and heritage assets at 30 June 2006 and 30 June 2007.

1.20 Intangibles

The Department's intangibles comprise externally purchased and internally developed software for internal use. Externally acquired software is carried at fair value and internally developed software is carried at cost.

Software is amortised on a straight-line basis over its anticipated useful life. Amortisation rates are based on the following useful lives:

	2007	2006
• Externally purchased software	3 to 5 years	3 to 5 years
• Internally developed software	3 to 5 years	3 to 5 years

No impairment was identified for intangible assets at 30 June 2007 and 30 June 2006.

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1.21 Inventories

Inventories held for sale are valued at the lower of cost and net realisable value. Purchase costs incurred in bringing each item of inventory to its present location and condition are assigned to each item of inventory on a first in first out basis. Inventories acquired at no cost or nominal consideration are measured at current replacement cost at the date of acquisition.

1.22 Taxation

The Department is exempt from all forms of taxation except fringe benefits tax (FBT) and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST except for:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- receivables and payables.

1.23 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes. Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for Departmental items, including the application of Australian Accounting Standards.

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the Department for use by the Government rather than the Department is Administered Revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Administration. Conversely, cash is drawn down from the OPA to make payments under Parliamentary appropriation on behalf of Government.

These transfers to and from the OPA are adjustments to the Administered cash held by the Department on behalf of the Government and reported as such in the Statement of Cash Flows in the Schedule of Administered Items and in the Administered Reconciliation Table in Note 20. Thus the Schedule of Administered Items largely reflects the Government's transactions, through the Department, with parties outside the Government.

Revenue

All administered revenues are revenues relating to the course of ordinary activities performed by the Department on behalf of the Australian Government.

Levy Revenue

Levy revenue is generated from levies charged to telecommunication carriers. The levy revenue is recognised when the levy becomes due and payable by the respective telecommunications carrier. The levy amount is recognised at its nominal value less any allowance for bad and doubtful debts.

Grants and Subsidies

The Department administers a number of grant and subsidy schemes on behalf of the Government. Grant and subsidy liabilities are recognised to the extent that (i) the services required to be performed by the recipient have been performed or (ii) the grant or subsidy eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Government enters into an agreement to make these grants and subsidies but services have not been performed or criteria satisfied. Where grant and subsidy moneys are paid in advance of performance or eligibility, a prepayment is recognised.

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Administered Investments

Administered investments in controlled entities are not consolidated because their consolidation is relevant only at the Whole of Government level. The Australian Government's investment in portfolio authorities and companies is classified as 'available for sale' under AASB 139 *Financial Instruments: Recognition and Measurement*.

Administered investments other than those held for sale are measured at their fair value as at 30 June 2007. Fair value is taken to be the net assets of the entities at balance date. For those investments where there is an active market, fair value is taken to be the quoted selling price as at the close of business at balance date. For the purposes of these financial statements, the Australian Government's investment in Telstra Corporation Ltd (Telstra) is the only investment which is valued using the quoted selling price.

Any changes in the 'fair value' of an investment which have been reflected in the Administered Investment Reserve have been transferred and reflected as a gain as 'Cumulative gain on de-recognition of investment reserve' on the de-recognition of the investment.

Administered investments were assessed for impairment at 30 June 2007. No indicators of impairment were noted.

Other Guarantees

The amounts guaranteed by the Australian Government have been disclosed in the Schedule of Administered Items and Note 21. At the time of completion of the financial statements, there was no reason to believe that the guarantees would be called upon, and recognition of a liability was therefore not required.

Indemnities

The maximum amounts payable under the indemnities given is disclosed in the Schedule of Administered Items - Contingencies. At the time of completion of the financial statements, there was no reason to believe that the indemnities would be called upon, and no recognition of any liability was therefore required.

Asset Sales Programme

This policy applies in relation to the sale of shares in Telstra.

Net gain or loss on sale of asset - The net gain or loss on the sale of the Telstra shares is calculated as the proceeds received, or due and receivable, in relation to the sale, less the written down value of the Telstra shares sold by the Australian Government adjusted for the 'Cumulative gain on de-recognition of investment reserve' on the de-recognition of the investment plus the expense in relation to the bonus loyalty share obligation.

In calculating the proceeds due and receivable, receivables are reviewed and, if deemed uncollectible, are written off. A provision for doubtful debts is raised where there is some doubt as to eventual collection. In calculating the deferred proceeds from the final instalment associated with the sale of the Telstra shares, the amount receivable has been discounted to its net present value using the government bond rate for the applicable period.

Direct Selling costs - Selling costs were incurred and recorded by the Department of Finance and Administration as it has the administrative responsibility for major asset sales.

The net gain or loss after deducting selling costs incurred by the Department of Finance and Administration are disclosed in the administered notes at note 16E.

The finalisation of the sale of the Telstra shares will result in further transactions in 2007-08 relating to the final instalment and the bonus loyalty share obligation. These transactions will be recorded by the Department of Finance and Administration.

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Financial Instruments

All investments by the Communications Fund Special Account, being primarily higher yielding government and corporate fixed interest securities, are classified as 'at fair value through profit and loss'. All gains or losses arising are reflected in the profit and loss and are based on the 'fair value' of the investments.

Note 2: Events after the Balance Sheet Date

There are no events that occurred after the reporting date that would materially affect the departmental and administered financial statements.

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	2007	2006
	\$'000	\$'000
Note 3: Income		
Revenue		
<u>Note 3A: Revenue from Government</u>		
Appropriations for outputs	146,552	119,804
<i>Total revenue from Government</i>	146,552	119,804
<u>Note 3B: Sale of Goods and Rendering of Services</u>		
Sale of Goods		
Sale of inventory goods	34	64
Other sales of goods and services	2	4
<i>Total sale of goods</i>	36	68
Rendering of Services		
Entry charges to exhibitions	229	262
Fees for service provided	209	211
Artbank rental revenue	2,696	2,506
<i>Total rendering of services</i>	3,134	2,979
<i>Total sale of goods and rendering of services</i>	3,170	3,047
Sale of goods to:		
Related entities	-	-
External entities	36	68
<i>Total sale of goods</i>	36	68
Rendering of services to:		
Related entities	1,265	1,231
External entities	1,869	1,748
<i>Total rendering of services</i>	3,134	2,979
Costs of sales of goods	23	49
<u>Note 3C: Rental Income</u>		
Rent and service contract licence fees	865	1,305
<i>Total rental income</i>	865	1,305

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	2007	2006
	\$'000	\$'000
Note 3D: Royalties		
Royalties	16	-
Total royalties	16	-
Note 3E: Other Revenue		
Grants received	234	278
Sponsorship and donations received	2,323	2,162
Cultural Ministers Council contributions	736	464
Sport and Recreation contributions	472	331
National Collections contributions	540	812
Cultural and Recreational Portal contributions	265	265
Other revenue	154	206
Total other revenue	4,724	4,518
Gains		
Note 3F: Sale of Assets		
Infrastructure, plant and equipment		
Proceeds from sale	26	-
Carrying value of assets sold	(15)	-
Selling expense	-	-
Net gain from sale of infrastructure, plant and equipment	11	-
Heritage and cultural assets		
Proceeds from sale	2	-
Carrying value of assets sold	(4)	-
Selling expense	-	-
Net gain from sale of heritage and cultural assets	(2)	-
Intangibles		
Proceeds from sale	-	-
Carrying value of assets sold	(2)	-
Selling expense	-	-
Net gain from sale of intangibles	(2)	-
Total proceeds from sale	28	-
Total carrying value of assets sold	(21)	-
Total selling expenses	-	-
Total net gains from sale of assets	7	-
Note 3G: Other Gains		
Resources received free of charge	405	400
Non-financial assets stocktake additions	6	6
Total other gains	411	406

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	2007	2006
	\$'000	\$'000

Note 4: Operating Expenses

Note 4A: Employee Benefits

Wages and salaries	54,595	48,249
Superannuation	10,011	9,420
Leave and other entitlements	7,268	5,979
Separation and redundancies	85	327
Other employee expenses	3,449	2,251
Performance pay	1,507	1,225
Total employee benefits	76,915	67,451

Note 4B: Suppliers

Provision of goods - related entities	7	31
Provision of goods - external entities	2,064	3,650
Rendering of services - related entities	7,312	2,941
Rendering of services - external entities	31,233	26,548
Operating lease rentals:		
Minimum lease payments	6,346	6,255
Contingent rentals	483	368
Sublease	-	-
Workers compensation premiums	812	1,003
Total suppliers	48,257	40,796

Note 4C: Grants

Non-profit institutions	396	401
Australian Government entities	736	1,744
State and Territory Governments	160	366
Overseas	-	2
Total grants	1,292	2,513

The nature of the grants are as follows:

Australian Internet Security Initiative	45	-
Book Industry Assistance Package	-	1,275
Cultural Ministers Council	691	300
eBusiness Strategies	-	2
eSecurity Government Portal	-	15
Community Broadcasting Foundation Coordination of		
Digital Radio Implementation	100	-
National Collections	296	288
Return of Indigenous Cultural Property	160	573
National Radio Audience Research Project	-	30
Online Environment Strategy	-	30
Total grants	1,292	2,513

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	2007	2006
	\$'000	\$'000
Note 4D: Depreciation and Amortisation		
<i>(i) Depreciation:</i>		
Other infrastructure, plant and equipment	2,471	1,996
Heritage and cultural assets	156	138
Buildings	823	846
Total depreciation	3,450	2,980
<i>(ii) Amortisation:</i>		
Intangibles - computer software	369	405
Total amortisation	369	405
Total depreciation and amortisation	3,819	3,385

The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable assets are as follows:

Leasehold improvements	823	846
Computer equipment	1,810	1,363
Plant, office equipment, furniture and fittings	661	633
Heritage and cultural assets	156	138
Computer software	369	405
Total depreciation and amortisation	3,819	3,385

Note 4E: Finance Costs

Unwinding of discount	82	60
Total finance costs	82	60

Note 4F: Write-down and Impairment of Assets

Financial assets:

Bad and doubtful debts expense	4	98
Total financial assets	4	98

Non-financial assets:

Infrastructure, plant and equipment - revaluation decrements	-	189
Total non-financial assets	-	189
Total write-down and impairment of assets	4	287

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	2007	2006
	\$'000	\$'000
<u>Note 4G: Losses from Asset Sales</u>		
Infrastructure, plant and equipment		
Proceeds from sale	-	(16)
Carrying value of assets sold	-	16
Selling expense	-	-
<i>Net loss from sale of infrastructure, plant and equipment</i>	-	-
Heritage and cultural assets		
Proceeds from sale	-	(9)
Carrying value of assets sold	-	37
Selling expense	-	-
<i>Net loss from sale of heritage and cultural assets</i>	-	28
Total proceeds from sale	-	(25)
Total carrying value of assets sold	-	53
Total selling expenses	-	-
<i>Total net losses from sale of assets</i>	-	28
<u>Note 4H: Other Expenses</u>		
Gifting of public property	-	22
Other	12	8
<i>Total other expenses</i>	12	30

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	2007	2006
	\$'000	\$'000
Note 5: Financial Assets		
<u>Note 5A: Cash and Cash Equivalents</u>		
Cash on hand	15	14
Cash on hand - Special Accounts	43	43
Cash at bank - Special Accounts	7,002	6,053
Cash at bank - other than Special Accounts	1,437	3,268
<i>Total cash and cash equivalents</i>	8,497	9,378

All cash recognised is a current asset.

Note 5B: Trade and Other Receivables

Goods and services	2,407	1,676
Appropriations receivable:		
- for existing outputs	91,481	62,277
GST receivable from the Australian Taxation Office	1,428	1,041
Other receivables	294	251
<i>Total trade and other receivables (gross)</i>	95,610	65,245
Less: allowance for doubtful debts	(866)	(868)
<i>Total trade and other receivables (net)</i>	94,744	64,377
Receivables are aged as follows:		
Not overdue	94,229	63,897
Overdue by:		
Less than 30 days	208	232
30 to 60 days	232	75
61 to 90 days	30	38
More than 90 days	911	1,003
<i>Total receivables (gross)</i>	95,610	65,245

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	2007	2006
	\$'000	\$'000
The allowance for doubtful debts is aged as follows:		
Not overdue	-	-
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	(866)	(868)
Total allowance for doubtful debts	(866)	(868)
Receivables are represented by:		
Current	36,815	15,603
Non-current	57,929	48,774
Total trade and other receivables (net)	94,744	64,377

Note 5C: Accrued Revenue

Goods and services	13	25
Total accrued revenue	13	25

All accrued revenue recognised is a current asset.

Note 6: Non-Financial Assets

Note 6A: Land and Buildings

Leasehold Improvements		
- fair value	5,464	5,114
- accumulated depreciation	(823)	-
- work in progress	921	62
Total land and buildings (non-current)	5,562	5,176

All revaluations are independent and are conducted in accordance with the revaluation policy stated in Note 1.
No indicators of impairment were found for land and buildings.

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	2007	2006
	\$'000	\$'000
Note 6B: Infrastructure, Plant and Equipment		
Infrastructure, plant and equipment:		
- fair value	10,156	7,582
- accumulated depreciation	(2,471)	(20)
- work in progress	921	159
Total infrastructure, plant and equipment (non-current)	8,606	7,721

All revaluations are independent and are conducted in accordance with the revaluation policy stated in Note 1.
No indicators of impairment were found for infrastructure, plant and equipment.

Note 6C: Heritage and Cultural Assets

Heritage and Cultural Assets:		
- fair value	48,252	41,821
- accumulated depreciation	-	(7)
- work in progress	-	-
Total heritage and cultural assets (non-current)	48,252	41,814

All revaluations are independent and are conducted in accordance with the revaluation policy stated in Note 1.
No indicators of impairment were found for heritage and cultural assets.

Note 6D: Intangibles

Computer software at cost:		
Externally acquired	3,197	3,176
- accumulated amortisation	(2,538)	(2,170)
- internally developed - in progress	382	-
	1,041	1,006
Externally acquired - at fair value	-	17
- accumulated amortisation	-	-
	-	17
Total intangibles (non-current)	1,041	1,023

All revaluations are independent and are conducted in accordance with the revaluation policy stated in Note 1.
No indicators of impairment were found for intangibles.

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Note 6E: Analysis of Property, Plant and Equipment

TABLE A – Reconciliation of the opening and closing balances of property, plant and equipment (2006-07)

Item	Land and Buildings \$'000	Infrastructure Plant and Equipment \$'000	Heritage and Cultural Assets \$'000	Total \$'000
As at 1 July 2006				
Gross book value	5,176	7,741	41,821	54,738
Accumulated depreciation/amortisation and impairment	-	(20)	(7)	(27)
Net book value 1 July 2006	5,176	7,721	41,814	54,711
Additions:				
by purchase	1,209	3,371	1,782	6,362
Revaluations and impairments through equity	-	-	4,816	4,816
Reclassification	-	-	-	-
Depreciation/amortisation expense	(823)	(2,471)	(156)	(3,450)
Impairments recognised in the operating result	-	-	-	-
Other movements	-	-	-	-
Disposals:				
Other disposals	-	(15)	(4)	(19)
Net book value 30 June 2007	5,562	8,606	48,252	62,420
Net book value as of 30 June 2007 represented by:				
Gross book value	6,385	11,077	48,252	65,714
Accumulated depreciation/amortisation and impairment	(823)	(2,471)	-	(3,294)
	5,562	8,606	48,252	62,420

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

TABLE A – Reconciliation of the opening and closing balances of property, plant and equipment (2005–06)

Item	Land and Buildings \$'000	Infrastructure, Plant and Equipment \$'000	Heritage and Cultural Assets \$'000	Total \$'000
As at 1 July 2005				
Gross book value	8,003	7,297	37,371	52,671
Accumulated depreciation/amortisation and impairment	(857)	(1,316)	(129)	(2,302)
Net book value 1 July 2005	7,146	5,981	37,242	50,369
Additions:				
by purchase	63	4,543	1,355	5,961
Revaluations and impairments through equity				
Reclassification	(1,097)	(424)	3,392	1,871
Depreciation/amortisation expense	(61)	(178)	-	(239)
Impairments recognised in the operating result	(846)	(1,996)	(138)	(2,980)
Other movements	-	(189)	-	(189)
	(29)	-	-	(29)
Disposals:				
Other disposals				
	-	(16)	(37)	(53)
Net book value 30 June 2006	5,176	7,721	41,814	54,711
Net book value as of 30 June 2006 represented by:				
Gross book value	5,176	7,741	41,821	54,738
Accumulated depreciation/amortisation and impairment	-	(20)	(7)	(27)
	5,176	7,721	41,814	54,711

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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Note 6F: Intangibles Reconciliation Table

TABLE B – Reconciliation of the opening and closing balances of intangibles (2006-07)

Item	Computer Software Internally Developed \$'000	Computer Software Purchased \$'000	Total \$'000
As at 1 July 2006			
Gross book value	-	3,193	3,193
Accumulated depreciation/amortisation and impairment	-	(2,170)	(2,170)
Net book value 1 July 2006	-	1,023	1,023
Additions:			
by purchase or internally developed	382	7	389
Revaluations and impairments through equity	-	-	-
Reclassifications	-	-	-
Amortisation	-	(369)	(369)
Impairments recognised in the operating result	-	-	-
Other movements	-	-	-
Disposals:			
Other disposals	-	(2)	(2)
Net book value 30 June 2007	382	659	1,041
Net book value as of 30 June 2007 represented by:			
Gross book value	382	3,197	3,579
Accumulated depreciation/amortisation and impairment	-	(2,538)	(2,538)
	382	659	1,041

Department of Communications, Information Technology and the Arts
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TABLE B—Reconciliation of the opening and closing balances of intangibles (2005–06)

Item	Computer Software Internally Developed \$'000	Computer Software Purchased \$'000	Total \$'000
As at 1 July 2005			
Gross book value	-	2,654	2,654
Accumulated depreciation/amortisation and impairment	-	(1,912)	(1,912)
Net book value 1 July 2005	-	742	742
Additions:			
by purchase or internally developed	-	432	432
Revaluations and impairments through equity	-	15	15
Reclassifications	-	239	239
Amortisation expense	-	(405)	(405)
Impairments recognised in the operating result	-	-	-
Other movements	-	-	-
Disposals:			
Other disposals	-	-	-
Net book value 30 June 2006	-	1,023	1,023
Net book value as of 30 June 2006 represented by:			
Gross book value	-	3,193	3,193
Accumulated depreciation/amortisation and impairment	-	(2,170)	(2,170)
	-	1,023	1,023

Department of Communications, Information Technology and the Arts
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	2007	2006
	\$'000	\$'000

Note 6G: Inventories

Inventory Held for Sale:

Finished goods (cost)	51	36
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Total inventories held for sale	51	36
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All departmental inventories are current assets. During 2006–07 \$23,200 of inventory held for sale was recognised as an expense (2006: \$48,677) as reported in Note 3B.

Note 6H: Other Non-Financial Assets

Prepayments	675	602
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Total other non-financial assets	675	602
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All other non-financial assets are current assets.

Note 7: Payables

Note 7A: Suppliers

Trade creditors	4,849	2,521
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Other creditors	192	173
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Operating lease rentals	194	167
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Accrued expenses	2,239	1,684
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Total suppliers	7,474	4,545
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Suppliers are represented by:

Current	7,285	4,378
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Non-current	189	167
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Total suppliers	7,474	4,545
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Note 7B: Unearned Income

Unearned income	2,646	1,971
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Total unearned income	2,646	1,971
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All unearned income is a current liability.

Note 7C: Lease Incentives

Lease incentives	244	280
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Total lease incentives	244	280
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Lease incentives are represented by:

Current	77	69
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Non-current	167	211
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Total lease incentives	244	280
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Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

	2007	2006
	\$'000	\$'000
Note 7D: Other Payables		
Other payables	75	818
Total other payables	75	818

All other payables are current liabilities.

Note 8: Provisions

Note 8A: Employee Provisions

Salaries and wages	529	538
Leave	19,898	18,069
Superannuation	79	71
Separations and redundancies	-	107
Total employee provisions	20,506	18,785
Employee provisions are represented by:		
Current	18,056	17,126
Non-current	2,450	1,659
Total employee provisions	20,506	18,785

The classification of current includes amounts for which there is not an unconditional right to defer settlement by one year, hence in the case of employee provisions, the above classification does not represent the amount expected to be settled within one year of reporting date. Employee provisions expected to be settled in twelve months from the reporting date: \$6,940,732 (2006: \$6,316,673), in excess of one year: \$13,565,240 (2006: \$12,467,105).

Note 8B: Provision for Makegood on Leased Property

Provision for makegood on leased property	1,585	1,124
Total provision for makegood on leased property	1,585	1,124

All provision for makegood on leased property is a non-current liability.

	Provision for makegood	Provision for makegood
Carrying amount at beginning of period	1,124	1,039
Additional provisions made	379	25
Unwinding of discount or change in discount rate	82	60
Amount owing at end of period	1,585	1,124

The Department currently has four (2006: two) agreements for the leasing of premises which have provisions requiring the Department to restore the premises to their original condition at the conclusion of the lease. The Department has made a provision to reflect the present value of this obligation.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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Note 9: Restructuring

Note 9A: Departmental Restructuring

There was no departmental restructuring in 2006–07 or 2005–06.

Note 9B: Administered Restructuring

As part of the Government's decision to sell Telstra through the T3 sale process, 4.31 billion shares were sold to the public, including 94.5 million set aside in relation to the Bonus Loyalty Shares. Of the remaining shares, 30.0 million shares were transferred to the Department of Finance and Administration in accordance with the T3 sale process on 24 November 2006 and 2.10 billion shares were transferred to the Future Fund on 28 February 2007. The transfers to the Department of Finance and Administration and the Future Fund are reflected as restructures in accordance with the FMOs. All shares were revalued to their fair value prior to their transfer.

In addition, and as part of the establishment of the Australian Communications and Media Authority (ACMA), it was agreed to transfer the management of the National Relay Service (NRS) to ACMA. The transfer was effective 1 August 2006. The assets and liabilities relating to the NRS were transferred to ACMA at their net book values.

As a result of the abolition of the Aboriginal and Torres Strait Islander Commission (ATSIC) and the Aboriginal and Torres Strait Islander Services (ATSIS), the Department assumed responsibility for Indigenous programs relating to Arts, Culture and Language, Sport and Recreation and Broadcasting on 6 January 2005. As a result of a current year review of the values of the assets transferred to the Department in 2004–05, the value of the assets recognised was determined to be overstated. Accordingly, an adjustment was required in the current year to correct the overstatement.

	2007 \$'000	2006 \$'000
Transfer to the Department of Finance and Administration		
Total assets relinquished	15,270,873	-
Total liabilities relinquished	(345,015)	-
<i>Net assets derecognised or relinquished</i>	<u>14,925,858</u>	<u>-</u>
Transfer to the Future Fund		
Total assets relinquished	8,965,843	-
<i>Net assets derecognised or relinquished</i>	<u>8,965,843</u>	<u>-</u>
Transfer to the Australian Communications and Media Authority		
Total assets relinquished	4,318	-
Total liabilities relinquished	(607)	-
<i>Net assets derecognised or relinquished</i>	<u>3,711</u>	<u>-</u>
Transfer to the Department of Families, Community Services and Indigenous Affairs		
Total assets derecognised	50	-
<i>Net assets derecognised or relinquished</i>	<u>50</u>	<u>-</u>
<i>Total net assets derecognised or relinquished</i>	<u>23,895,462</u>	<u>-</u>

Department of Communications, Information Technology and the Arts
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In the previous year, the establishment of ACMA as an FMA agency and the accompanying legislation which abolished the Australian Broadcasting Authority (ABA) and the Australian Communications Authority (ACA), resulted in the assets and liabilities of the ABA and ACA becoming the assets and liabilities of the Australian Government which were then vested to ACMA on 1 July 2005.

In addition, the establishment of the Australian Sports Anti-Doping Authority (ASADA) as an FMA agency and the accompanying legislation which abolished the Australian Sports Drug Agency (ASDA), the assets and liabilities of ASDA became the assets and liabilities of the Australian Government which were then vested to ASADA on 13 March 2006.

Accordingly, the Australian Government's investments in the ABA, ACA and ASDA were derecognised at their book values and reflected as a restructure.

Assets relating to the Universal Service Obligation Special Account were also transferred to ACMA at their net book value as a result of the establishment of ACMA.

	2007 \$'000	2006 \$'000
Total assets relinquished	-	33
Total assets derecognised	-	12,594
<i>Net assets derecognised or relinquished</i>	-	12,627

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2007	2006
	\$'000	\$'000
Note 10: Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Report cash and cash equivalents as per:		
Cash Flow Statement	8,497	9,378
Balance Sheet	8,497	9,378
Reconciliation of operating result to net cash from operating activities:		
Operating result	25,364	14,530
Depreciation/amortisation	3,819	3,385
Write down of non-current assets	-	287
Other non-cash items	(666)	(669)
Loss on disposal of assets	(7)	28
(Increase) / decrease in net receivables	(29,525)	(12,148)
(Increase) / decrease in inventories	(15)	42
(Increase) / decrease in accrued revenue	12	(3)
(Increase) / decrease in non-financial assets	(73)	1,317
Increase / (decrease) in employee provisions	1,722	444
Increase / (decrease) in supplier payables	1,665	(1,485)
Increase / (decrease) in prepayments received	675	-
Increase / (decrease) in lease incentives	(36)	-
Increase / (decrease) in other provisions	436	(211)
Increase / (decrease) in other payables	(743)	-
Net cash from / (used by) operating activities	2,628	5,517

Department of Communications, Information Technology and the Arts
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Note 11: Contingent Liabilities and Assets

There is no Schedule of Contingencies as there are no quantifiable contingent assets and contingent liabilities as at 30 June 2006 and 30 June 2007.

Quantifiable Contingencies

There are no quantifiable contingencies as at 30 June 2006 and 30 June 2007.

Unquantifiable Contingencies

In 2005–06 and 2006–07 the Department reports an unquantifiable contingent liability in respect of legal action brought against the Australian Government in relation to an employment related matter. It is not practicable to make an estimate of the outcome of the action at this stage.

In 2006–07, the Department reports an unquantifiable contingent liability in respect of an injury to a visitor to Australian Government premises. It is not practicable to make an estimate of this action at this stage.

Remote Contingencies

In 2006–07, the Department reports a remote contingent liability in respect of possible legal action to be brought against the Australian Government in relation to a possible breach of copyright. It is not practicable to make an estimate of this action at this stage.

There were no remote contingencies as at 30 June 2006.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2007	2006
Note 12: Executive Remuneration		
The number of executives who received or were due to receive total remuneration of \$130,000 or more:		
\$130,000 to \$144,999	-	1
\$145,000 to \$159,999	-	3
\$160,000 to \$174,999	3	7
\$175,000 to \$189,999	8	6
\$190,000 to \$204,999	11	4
\$205,000 to \$219,999	3	2
\$220,000 to \$234,999	4	1
\$235,000 to \$249,999	2	3
\$250,000 to \$264,999	3	1
\$280,000 to \$294,999	1	3
\$295,000 to \$309,999	1	-
\$310,000 to \$324,999	1	1
\$325,000 to \$339,999	1	-
\$400,000 to \$414,999	1	-
\$430,000 to \$444,999	-	1
Total	39	33
The aggregate amount of total remuneration of executives shown above.	\$8,571,872	\$6,937,448
The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above.	-	\$116,925

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2007	2006
	\$	\$

Note 13: Remuneration of Auditors

Financial statement audit services are provided free of charge to the Department.

The fair value of the services provided was:

Department	405,000	396,000
Regional Telecommunications Infrastructure Account	-	4,000
	<u>405,000</u>	<u>400,000</u>

No other services were provided by the Auditor-General.

	2007	2006
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Note 14: Average Staffing Levels

The average staffing levels for the Department during the year were:

	<u>818</u>	<u>743</u>
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Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 15: Financial Instruments

Note 15A: Terms, Conditions and Accounting Policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
Financial Assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash and cash equivalents	5A	Cash is recognised at its nominal amount.	Monies in the Departmental bank account are swept into the Official Public Account (OPA) nightly and returned the following morning. No interest is earned on the daily balance.
Receivables - goods and services	5B	Receivables for goods and services are recognised at nominal amounts due less any provision for bad and doubtful debts. A provision for doubtful debts is recognised when collection of the debt is judged to be unlikely.	Credit terms are net 30 days (2005–06: 30 days).
Receivables - other	5B	Other receivables are recognised at nominal amounts.	Mainly related to receivables from other agencies for transfers of accrued employee liabilities to the Department.
Financial Liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Payables - goods and services and other	7A,C,D	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods and services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days.

Department of Communications, Information Technology and the Arts
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Note 15: Financial Instruments (continued)

Note 15B: Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In						Non-Interest Bearing		Total			Weighted Average Effective Interest Rate	
				1 Year or Less		1 to 5 Years		> 5 Years								
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 %	2006 %	
Financial Assets																
Cash and cash equivalents	5A	-	-	-	-	-	-	-	-	8,497	9,378	8,497	9,378	n/a	n/a	
Receivables - goods and services (gross)	5B	-	-	-	-	-	-	-	-	2,407	1,676	2,407	1,676	n/a	n/a	
Receivables - other	5B	-	-	-	-	-	-	-	-	294	251	294	251	n/a	n/a	
Total		-	-	-	-	-	-	-	-	11,198	11,305	11,198	11,305	n/a	n/a	
Total Assets										167,441	130,152					
Financial Liabilities																
Payables - goods and services	7A	-	-	-	-	-	-	-	-	7,474	4,545	7,474	4,545	n/a	n/a	
Payables - other	7C,D	-	-	-	-	-	-	-	-	319	1,098	319	1,098	n/a	n/a	
Total		-	-	-	-	-	-	-	-	7,793	5,643	7,793	5,643	n/a	n/a	
Total Liabilities										32,530	27,523					

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 15C: Fair Values of Financial Assets and Liabilities

		2007		2006	
	Notes	Total Carrying Amount	Aggregate Fair Value	Total Carrying Amount	Aggregate Fair Value
		\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash and cash equivalents	5A	8,497	8,497	9,378	9,378
Receivables - goods and services (net)	5B	1,541	1,541	808	808
Receivables - other	5B	294	294	251	251
Total financial assets		10,332	10,332	10,437	10,437
Financial Liabilities (Recognised)					
Payables - goods and services	7A	7,474	7,474	4,545	4,545
Payables - other	7C,D	319	319	1,098	1,098
Total financial liabilities (recognised)		7,793	7,793	5,643	5,643

Financial assets - the net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

Financial liabilities - the net fair values for trade creditors approximate their carrying amounts.

Note 15D: Credit Risk Exposures

The Department's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet.

The Department has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

Department of Communications, Information Technology and the Arts
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	2007 \$'000	2006 \$'000
Note 16: Income Administered on Behalf of Government		
Revenue		
<u>Note 16A: Interest</u>		
Term deposits and marketable securities	131,837	86,259
Total interest	131,837	86,259
<u>Note 16B: Dividends</u>		
Telstra dividend	902,469	2,578,483
Australia Post dividend	279,400	282,500
Total dividends	1,181,869	2,860,983
<u>Note 16C: Industry Levies</u>		
National Relay Service (NRS) levy	3,710	11,075
Total industry levies	3,710	11,075
<u>Note 16D: Other Revenue</u>		
Grant refunds	2,166	7,381
Refunds from previous year insurance premium	677	-
Other revenue	4	2
Total other revenue	2,847	7,383
<u>Note 16E: Sale of Assets</u>		
Proceeds from sale	14,815,159	-
Written down value of assets sold		
Value of shares sold	(15,564,602)	-
Cumulative gain on derecognition of investment reserve	11,229,742	-
Expense in relation to bonus loyalty share obligation	(345,015)	-
Total gains from sale of assets	10,135,284	-

Department of Communications, Information Technology and the Arts
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Sale of Administered Investments

Sale of shares in Telstra Corporation Ltd			
	Department of Communications, Information Technology and the Arts	Department of Finance and Administration	Total
	\$'000	\$'000	\$'000
Proceeds from sale	14,815,159	28,355	14,843,514
Written down value of assets sold			
Value of shares sold	(15,564,602)	(30,033)	(15,594,635)
Cumulative gain on derecognition of investment reserve	11,229,742	-	11,229,742
Expense in relation to bonus loyalty share obligation	(345,015)	(84,694)	(429,709)
Selling costs incurred	-	(193,871)	(193,871)
Net gain or loss on sale of assets	10,135,284	(280,243)	9,855,041

The selling costs incurred in the sale of the Telstra Corporation Ltd shares to the public were incurred by the Department of Finance and Administration which has the responsibility for the sale of Australian Government assets under the Administrative Arrangements Orders. The selling costs include advisory costs, advertising and marketing, legal fees, regulatory fees and preparation of the prospectus.

	2007	2006
	\$'000	\$'000
Note 16F: Other Gains		
Gains from remeasuring financial instruments held at fair value through profit and loss	1	-
Cumulative gain on derecognition of investment reserve	6,643,511	-
Total other gains	6,643,512	-
Total Revenues Administered on Behalf of Government	18,099,059	2,965,700

Department of Communications, Information Technology and the Arts
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	2007 \$'000	2006 \$'000
Note 17: Expenses Administered on Behalf of Government		
<u>Note 17A: Grants</u>		
State and Territory Governments	14,819	90,123
Local Governments	6,394	8,401
Private sector	56,751	65,040
Overseas	320	330
Non-profit institutions	86,810	82,192
Related entities	106,851	112,359
Total grants	271,945	358,445
<i>The nature of grants are as follows:</i>		
Cultural Development Program	57,501	59,891
Film Finance Corporation Australia	70,500	70,500
Federation Fund	-	500
Sports and Recreation - Anti Doping	931	1,404
Sport and Recreational Facilities	12,746	18,097
Water and Alpine Safety	5,901	5,457
Melbourne 2006 Commonwealth Games	-	72,900
<i>Telstra Social Bonus:</i>		
Building Additional Rural Networks	1,000	928
Local Government Fund	-	149
Launceston Broadband Project	503	1,698
<i>Telecommunications Service Inquiry Implementation:</i>		
Regional Mobile Phone Program	-	934
Mobile Phones for Communities greater than 500	1,225	500
Consumer Representation and Research	83	737
National Communication Fund	-	6,130
<i>Regional Telecommunications Infrastructure Account:</i>		
Networking the Nation General Fund	-	303
Major ICT - Centre of Excellence	23,970	23,500
<i>Regional Telecommunications Inquiry Response:</i>		
IT Training	2,955	2,510
Co-ordinated Communications Infrastructure Fund	7,283	3,178
Broadband Demand Aggregation Brokers	602	3,638
Expansion of Terrestrial Mobile Phone	6,556	7,813
<i>Building IT Strengths (BITS):</i>		
BITS - Incubators	7,539	10,553
BITS - Advanced Networks Program	5,004	7,038
National Transmission Network	1,009	856
eBusiness - Information Technologies On-Line	1,185	2,177

Department of Communications, Information Technology and the Arts
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	2007 \$'000	2006 \$'000
Note 17: Expenses Administered on Behalf of Government (continued)		
Digital Interference Scheme	4	17
Telecommunications Action Plan for Remote Indigenous Communities	679	1,159
Television Black Spots - Alternative Technical Solutions	422	1,470
Commercial Radio Blackspots	-	488
Community Broadcasting Foundation	7,688	7,467
Regional Equalisation Plan	660	660
NetAlert Limited	535	1,876
Books Alive	2,000	2,000
Electronic Media Research	200	-
Connect Australia - Backing Indigenous Ability	3,662	-
Connect Australia - Clever Networks	2,909	-
Deaf Sport Australia	51	-
Telecommunications Consumer Representation and Research	655	-
World Police and Fire Games	650	-
<i>Indigenous Programs:</i>		
Arts, Culture and Languages	22,268	19,262
Sport and Recreation	9,529	9,366
Broadcasting	13,540	13,289
Total grants	271,945	358,445
Note 17B: Subsidies		
<i>Payable to related entities:</i>		
Regional Telecommunications Inquiry Response:		
Higher Bandwidth Incentive Scheme	-	75,124
Expansion of Satellite Phone Subsidy	-	87
Connect Australia - Broadband Connect	60,089	68,575
Connect Australia - Mobile Connect	185	111
<i>Other than to related entities:</i>		
Regional Telecommunications Inquiry Response:		
Higher Bandwidth Incentive Scheme	-	21,926
Expansion of Satellite Phone Subsidy	-	1,914
Metro Broadband Blackspots Program	470	-
Connect Australia - Broadband Connect	92,557	56,160
Connect Australia - Mobile Connect	1,960	2,012
Australian Broadband Guarantee	10,938	-
Total subsidies	166,199	225,909
Note 17C: Suppliers		
Rendering of services - related entities	3,454	3,820
Rendering of services - external entities	1,750	785
Total suppliers	5,204	4,605

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
Note 17: Expenses Administered on Behalf of Government (continued)		
<u>Note 17D: Depreciation and Amortisation</u>		
Buildings	1,714	1,690
Heritage and cultural assets	1,855	6,527
Total depreciation and amortisation	3,569	8,217
<u>Note 17E: Write-down and Impairment of Assets</u>		
Impairment of financial assets - receivables	348	6,274
Total write-down and impairment of assets	348	6,274
<u>Note 17F: Other Expenses</u>		
International membership fees - International		
Telecommunications Union and Asia-Pacific Telecommunity	4,402	4,871
National Relay Service	-	11,113
Public Lending Rights / Education Lending Rights Schemes	17,529	17,410
Losses from remeasuring financial instruments held at fair value through profit and loss	1	-
Other expenses	-	353
Total other expenses	21,932	33,747
Total Expenses Administered on Behalf of Government	469,197	637,197

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2007 \$'000	2006 \$'000
Note 18: Assets Administered on Behalf of Government		
Financial Assets		
<u>Note 18A: Cash and Cash Equivalents</u>		
Cash at bank	74	66
Total cash and cash equivalents	74	66
<u>Note 18B: Receivables</u>		
GST receivable from the ATO	6,057	14,655
USO and NRS receivables	-	844
Grant and subsidy refunds receivable	8,177	7,537
Total receivables	14,234	23,036
Less: Allowance for doubtful debts	(7,418)	(7,271)
Total receivables (net)	6,816	15,765
Receivables (gross) are aged as follows:		
Not overdue	6,604	14,655
Overdue by:		
Less than 30 days	-	4,868
30 to 60 days	12	636
61 to 90 days	-	-
More than 90 days	7,618	2,877
Total receivables (gross)	14,234	23,036
The allowance for doubtful debts is aged as follows:		
Overdue by:		
Less than 30 days	-	(4,825)
30 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	(7,418)	(2,446)
Total allowance for doubtful debts	(7,418)	(7,271)

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

		2007 \$'000	2006 \$'000
Note 18: Assets Administered on Behalf of Government (continued)			
<u>Note 18C: Investments</u>	Notes		
<i>Investments of Special Accounts:</i>			
Term deposits		2,047,282	2,086,240
Marketable securities		170,603	-
		2,217,885	2,086,240
<i>Investments in Portfolio Agencies:</i>			
Commonwealth authorities:			
Australia Council	23A	29,491	24,034
Australian Broadcasting Corporation and controlled entities	23B	772,200	724,929
Australian Film Commission	23C	94,342	81,817
Australian Film, Television and Radio School	23D	39,700	38,679
Australian National Maritime Museum	23E	225,567	220,887
National Gallery of Australia and controlled entity	23F	3,439,546	3,318,612
National Library of Australia	23G	1,701,051	1,749,390
National Museum of Australia	23H	366,041	350,119
Special Broadcasting Service Corporation and controlled entity	23I	143,227	128,510
Australian Sports Commission	23J	240,185	194,701
		7,051,350	6,831,678
Commonwealth companies:			
Film Finance Corporation Australia Ltd	23K	40,153	41,553
Australian Business Arts Foundation Ltd	23L	1,924	1,214
Australian Postal Corporation	23M	2,388,000	1,387,900
Bundanon Trust	23N	31,814	26,134
Film Australia Ltd	23O	20,100	19,907
Telstra Corporation Ltd ¹	23P	-	23,722,042
NetAlert Ltd	23Q	249	164
		2,482,240	25,198,914
Total investments		11,751,475	34,116,832

¹ The nil balance reflects the Australian Government's decision to sell 4.34 billion shares as part of T3 sale process and to transfer the remaining 2.10 billion shares to the Future Fund. Of the 4.34 billion shares sold as part of the T3 sale process, 4.31 billion were sold to the public, including 94.5 million set aside in relation to the Bonus Loyalty Shares and 30.0 million were transferred to the Department of Finance and Administration for disposal in accordance with the T3 sale process. The transfers to the Future Fund and the Department of Finance and Administration are reflected as restructures. All shares were revalued to fair value prior to their sale or transfer.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
Note 18: Assets Administered on Behalf of Government (continued)		
Non-Financial Assets		
<u>Note 18D: Land and Buildings</u>		
Building - National Institute of Dramatic Art (NIDA)		
- fair value	36,630	35,570
- accumulated depreciation	-	-
- work in progress	-	36
Total land and buildings	36,630	35,606
<u>Note 18E: Heritage and Cultural Assets</u>		
Building - Old Parliament House (OPH)		
- fair value	50,880	50,500
- accumulated depreciation	-	-
- work in progress	2,979	484
Total OPH buildings	53,859	50,984
OPH Heritage Collections		
- fair value	4,256	4,083
- accumulated depreciation	-	-
- work in progress	175	42
Total OPH Heritage Collections	4,431	4,125
Total heritage and cultural assets	58,290	55,109
All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1. No indicators of impairment were found for Land and Buildings, and Heritage and Cultural Assets.		

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 18: Assets Administered on Behalf of Government (continued)

Note 18F: Table A: Reconciliation of the opening and closing balances of infrastructure, plant and equipment (2006–07)

Item	Land and Buildings \$'000	Heritage and Cultural Assets \$'000	Total \$'000
As at 1 July 2006			
Gross book value	35,606	55,110	90,716
Accumulated depreciation/amortisation and impairment	-	-	-
Net book value 1 July 2006	35,606	55,110	90,716
Additions:			
by purchase	1,426	3,043	4,469
Net revaluation increment/(decrement)	1,312	1,992	3,304
Depreciation/amortisation expense	(1,714)	(1,855)	(3,569)
Disposals:			
Other disposals	-	-	-
Net book value as at 30 June 2007	36,630	58,290	94,920
Net book value as at 30 June 2007 represented by:			
Gross book value	36,630	58,290	94,920
Accumulated depreciation/amortisation and impairment	-	-	-
	36,630	58,290	94,920

Department of Communications, Information Technology and the Arts
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Note 18: Assets Administered on Behalf of Government (continued)

TABLE A – Reconciliation of the opening and closing balances of infrastructure, plant and equipment (2005–06)

Item	Land and Buildings \$'000	Heritage and Cultural Assets \$'000	Total \$'000
As at 1 July 2005			
Gross book value	38,378	52,180	90,558
Accumulated depreciation/amortisation and impairment	(1,610)	(6,475)	(8,085)
Net Book Value 1 July 2005	36,768	45,705	82,473
Additions:			
by purchase	1,472	2,875	4,347
Net revaluation increment/ (decrement)	(944)	13,057	12,113
Depreciation/amortisation expense	(1,690)	(6,527)	(8,217)
Disposals:			
Other disposals	-	-	-
Net book value 30 June 2006	35,606	55,110	90,716
Net book value as of 30 June 2006 represented by:			
Gross book value	35,606	55,110	90,716
Accumulated depreciation/amortisation and impairment	-	-	-
	35,606	55,110	90,716

Department of Communications, Information Technology and the Arts
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	2007 \$'000	2006 \$'000
Note 18: Assets Administered on Behalf of Government (continued)		
<u>Note 18G: Prepayments</u>		
Prepayments	49,041	43,311
Total prepayments	49,041	43,311
Total non-financial assets	143,961	134,026
Total Assets Administered on Behalf of Government	11,902,326	34,266,689
Note 19: Liabilities Administered on Behalf of Government		
Payables		
<u>Note 19A: Suppliers</u>		
Trade creditors	484	128
Accrued creditors	1,295	-
Other creditors	31	227
Total suppliers	1,810	355
<u>Note 19B: Grants and Subsidies</u>		
Public sector:		
Australian Government entities (related entities)	-	30,237
State and Territory Governments	2,070	323
Local Governments	237	127
Private sector:		
Non-profit organisations	98	315
Commercial entities	11,116	22,247
Total grants and subsidies	13,521	53,249
<u>Note 19C: Administered GST Payable</u>		
GST payable to OPA	4,811	9,882
Total GST payable	4,811	9,882
<u>Note 19D: Other Payables</u>		
National Relay Service	-	620
Public Lending Rights / Education Lending Rights Service	22	4
Total other payables	22	624
Total Liabilities Administered on Behalf of Government	20,164	64,110
All liabilities are expected to be settled within 12 months of balance date.		

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2007	2006
	\$'000	\$'000
Note 20: Administered Reconciliation Table		
<i>Opening administered assets less administered liabilities as at 1 July</i>	34,202,579	7,327,069
Opening balance fair value adjustment - administered investments	-	34,022,160
Plus: Administered income	1,320,264	2,965,700
Less: Administered expenses	(469,197)	(637,197)
Administered transfers to/from Australian Government:		
Annual appropriations administered items	519,523	2,642,133
Administered asset and liabilities appropriations	667	-
Special appropriations (limited amount)	-	-
Transfers to OPA	(1,194,215)	(2,887,997)
Restructuring	(23,895,462)	(12,627)
Administered revaluations taken to/(from) reserves	(15,380,792)	(9,216,662)
Administered investments gain/(loss)	16,778,795	-
<i>Closing administered assets less administered liabilities as at 30 June</i>	11,882,162	34,202,579

Note 21: Administered Contingent Liabilities

Quantifiable Administered Contingencies

Quantifiable administered contingent liabilities that are not remote are disclosed in the Schedule of Administered Items as quantifiable administered contingent liabilities.

Unquantifiable Administered Contingencies

There were no unquantifiable administered contingent liabilities at 30 June 2006 and 30 June 2007.

Remote Administered Contingencies

There were no remote administered contingent liabilities at 30 June 2007.

The Department reported a remote contingent liability in respect of a request to rectify a contract to make an additional \$2.5m payable in 2005–06. The Department denied that there were any legal grounds which required the contract to be rectified.

Note 22: Administered Contingent Assets

There were no remote administered contingent assets at 30 June 2006 and 30 June 2007.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 23: Administered Investments

Ownership		Principal Activity
%	Notes	
100	A	Australia Council - Provides advice and support for artistic practice of individuals and companies. Encourages participation of all Australian people, communities, institutions in cultural activities. A body corporate established under the <i>Australia Council Act 1975</i> .
100	B	Australian Broadcasting Corporation and controlled entities - National broadcaster, contributing to and reflecting Australia's culture. A body corporate established under the <i>Australian Broadcasting Corporation Act 1983</i> .
100	C	Australian Film Commission - Develops an internationally competitive Australian screen industry. A body corporate established under the <i>Australian Film Commission Act 1975</i> .
100	D	Australian Film, Television and Radio School - Provides advanced education and training programs for the Australian media industry. A body corporate established under the <i>Australian Film, Television and Radio School Act 1973</i> .
100	E	Australian National Maritime Museum - Acquires, researches, conserves and presents relevant material to Australia's maritime heritage. A body corporate established under the <i>Australian National Maritime Act 1990</i> .
100	F	National Gallery of Australia and controlled entity - Provides access to works of art and information about them locally, nationally and internationally. A body corporate established under the <i>National Gallery Act 1975</i> .
100	G	National Library of Australia - Provides a comprehensive collection of Australian library material and international documentary resources. A body corporate established under the <i>National Library Act 1960</i> .
100	H	National Museum of Australia - Provides access to Australian historical collections and public programs to develop Australia's history and culture. A body corporate established under the <i>National Museum of Australia Act 1980</i> .
100	I	Special Broadcasting Service Corporation and controlled entity - National broadcaster, providing multilingual and multicultural services that inform, educate and entertain. Promotes Australia's multicultural society. A body corporate established under the <i>Special Broadcasting Services Act 1991</i> .
100	J	Australian Sports Commission - Provides national leadership in all facets of sport development, through national sporting organisations, Government, the private sector, schools and the wider community. A body corporate established under the <i>Australian Sports Commission Act 1989</i> .
100	K	Film Finance Corporation Australia Ltd - Provides financial support to the Australian film and television production industry. Incorporated in Australia.
100	L	Australia Business Arts Foundation Ltd (formerly Australian Foundation for Culture & Humanities Ltd) - Established to encourage private sector cultural sponsorship and philanthropy. Incorporated in Australia.
100	M	Australian Postal Corporation - Provides a national and international postal and parcel service. A body corporate established under the <i>Australian Postal Corporation Act 1989</i> .
100	N	Bundanon Trust - A trust established to manage and develop properties at Bundanon NSW as a living art centre. Incorporated in Australia.
100	O	Film Australia Ltd - Distributes and markets films and, in particular, produces programs of national interest. Incorporated in Australia.
0	P	Telstra Corporation Ltd - Provides a national and international telecommunication service. Incorporated in Australia.
100	Q	NetAlert Ltd - Australia's internet safety advisory body established in 1999 to educate communities about managing access to the internet. Incorporated in Australia.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 24: Administered Financial Instruments Note 24A: Term, Conditions and Accounting Policies		
Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)
Financial Assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefits can be reliably measured.
Cash	18A	Cash is recognised at its nominal amount.
Receivables	18B	Receivables are recognised at the nominal amounts due less provision for doubtful debts. Dividends are recognised as receivable when the dividend is declared and approved.
Investments	18C	Investments other than those held for resale are measured at their fair value as at 30 June 2007. All gains or losses arising from changes in 'fair value' reflected in the profit and loss. For those investments where there is no active market, 'fair value' is determined using the 'net asset valuation' approach. For those investments where there is an active market, 'fair value' is determined using the 'market based valuation'.
Marketable securities	18D	Marketable securities are measured at their 'fair value' as at 30 June 2007. All gains or losses arising from changes in 'fair value' reflected in the profit and loss.
Financial Liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.
Payables	19A,B,D	Suppliers payable and accrued expenses are recognised at nominal amounts, once goods and services have been received. Grant liabilities are recognised once the grantee has met obligations specified in the grant agreement.
		Nature of Underlying Instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
		Cash comprises the balances of the Administered Payments and Receipts Accounts which are swept nightly to the Official Public Account (OPA). The balance of the Administered Payments Account is returned the following morning. Interest is not earned on the account balances. Receivables include GST input tax credits receivable from the ATO and grant and subsidy refunds relating to administered programs.
		Investments comprise investments in portfolio agencies and companies and in term deposits with the Reserve Bank of Australia.
		Marketable securities comprise of investments made by the Communications Fund Special Account, being primarily higher yielding Government and corporate fixed interest securities.
		Settlement is usually made net 30 days (2005-06: 30 days). Grant payments are made in accordance with the grant agreement.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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Note 24: Administered Financial Instruments (continued)

Note 24A: Term, Conditions and Accounting Policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
Unrecognised Financial Liabilities			
Guarantees	21	The amounts guaranteed by the Australian Government have been disclosed in the Schedule of Administered Items and Note 21. At the time of completion of financial statements, there was no reason to believe that the guarantees would be called upon, and recognition of a liability was therefore not required.	The guarantee is to reimburse realised losses up to a maximum of \$150,000.
Indemnities	21	The maximum amount payable under the indemnities given is disclosed in the Schedule of Administered Items and Note 21. At the time of completion of the financial statements, there was no reason to believe that the indemnities would be called upon, and recognition of a liability was therefore not required.	The indemnities reported arising from the Australian Government's indemnification provided to owners and promoters of exhibits against cultural objects loaned for display in approved exhibitions.

Department of Communications, Information Technology and the Arts
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Note 24: Administered Financial Instruments (continued)

Note 24B: Administered Interest Rate Risk

Financial Instrument	Note	Floating Interest Rate		Fixed Interest Rate						Non-Interest Bearing		Total				Weighted Average Effective Interest Rate	
				1 Year or Less		1 to 5 Years		> 5 Years									
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 %	2006 %		
Financial Assets																	
Cash at bank	18A	-	-	-	-	-	-	-	-	74	66	74	66	n/a	n/a		
Receivables - USO and NRS (gross)	18B	-	-	-	-	-	-	-	-	-	844	-	844	n/a	n/a		
Receivables - grant and subsidy refunds	18B	-	-	-	-	-	-	-	-	8,177	7,537	8,177	7,537	n/a	n/a		
Investments	18C	-	-	2,047,282	2,086,240	-	-	-	-	-	-	2,047,282	2,086,240	6.25	5.76		
Marketable securities	18C	-	-	170,603	-	-	-	-	-	-	-	170,603	-	6.36	n/a		
Total		-	-	2,217,885	2,086,240	-	-	-	-	8,251	8,447	2,226,136	2,094,687				
Total Assets												11,902,326	34,266,689				
Financial Liabilities																	
Payables - suppliers	19A	-	-	-	-	-	-	-	-	1,810	355	1,810	355	n/a	n/a		
Payables - grants and subsidies	19B	-	-	-	-	-	-	-	-	13,521	53,249	13,521	53,249	n/a	n/a		
Payables - other	19D	-	-	-	-	-	-	-	-	22	624	22	624	n/a	n/a		
Total		-	-	-	-	-	-	-	-	15,353	54,228	15,353	54,228				
Total Liabilities												20,164	64,110				

Department of Communications, Information Technology and the Arts
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for the year ended 30 June 2007

Note 24: Administered Financial Instruments (continued)

Note 24B: Administered Interest Rate Risk

Financial Instrument	Note	Floating Interest Rate		Fixed Interest Rate						Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
				1 Year or Less		1 to 5 Years		> 5 Years							
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 %	2006 %
Liabilities Not Recognised															
Guarantees	21	-	-	-	-	-	-	-	-	87	-	87	-	n/a	n/a
Commonwealth indemnity of art exhibitions	21	-	-	-	-	-	-	-	-	109,132	1,129,802	109,132	1,129,802	n/a	n/a
Other liabilities	21	-	-	-	-	-	-	-	-	-	2,500	-	2,500	n/a	n/a
Total Financial Liabilities (Unrecognised)		-	-	-	-	-	-	-	-	109,219	1,132,302	109,219	1,132,302		

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 24: Administered Financial Instruments (continued)

Note 24C: Fair Values of Financial Assets and Liabilities

		2007		2006	
	Notes	Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000	Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000
Financial Assets					
Cash at bank	18A	74	74	66	66
Receivables - USO and NRS (net)	18B	-	-	618	618
Receivables - grant and subsidy refunds (net)	18B	759	759	493	493
Investments	18C	2,047,282	2,047,282	2,086,240	2,086,240
Marketable securities	18C	170,603	170,603	-	-
<i>Total financial assets</i>		2,218,718	2,218,718	2,087,417	2,087,417
Financial Liabilities (Recognised)					
Payables - suppliers	19A	1,810	1,810	355	355
Payables - grants and subsidies	19B	13,521	13,521	53,249	53,249
Payables - other	19D	22	22	624	624
<i>Total financial liabilities (recognised)</i>		15,353	15,353	54,228	54,228
Financial Liabilities (Unrecognised)					
Guarantees	21	87	87	-	-
Commonwealth indemnity of art exhibitions	21	109,132	109,132	1,129,802	1,129,802
Other liabilities	21	-	-	2,500	2,500
<i>Total financial liabilities (unrecognised)</i>		109,219	109,219	1,132,302	1,132,302

Financial Assets

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

Financial Liabilities

The net fair values of trade creditors approximate their carrying amounts. The net fair value of the guarantees are based on discounted cash flows using current interest rates for liabilities with similar risk profiles. The net fair value of indemnities are regarded as the maximum possible loss which the Australian Government faces while the indemnity remains current.

Note 24D: Credit Risk Exposures

The Government's maximum exposures to credit risk at reporting date in relation to each class of recognised administered financial assets is the carrying amount of those assets as indicated in the Schedule of Administered Items.

The Government has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

Department of Communications, Information Technology and the Arts
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for the year ended 30 June 2007

Note 25: Appropriations

Note 25A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and Borrowings

Particulars	Administered Expenses						Departmental Outputs		Total	
	Outcome 1		Outcome 2		Outcome 3		2007	2006	2007	2006
	2007	2006	2007	2006	2007	2006	\$'000	\$'000	\$'000	\$'000
Balance carried from previous year	24,552	21,479	1,224	17,119	129,607	41,862	66,263	57,411	221,646	137,871
Correction of prior year errors	-	-	-	-	(20,924)	-	(325)	-	(21,249)	-
Adjusted balance carried from previous year	24,552	21,479	1,224	17,119	108,683	41,862	65,938	57,411	200,397	137,871
Appropriation Act:										
Appropriation Act (No.1)	181,753	178,479	30,175	31,527	433,836	170,848	135,449	114,340	781,213	495,194
Appropriation Act (No.3)	7,202	995	3,057	17,058	28,666	1,302	10,977	1,980	49,902	21,335
Appropriation Act (No.5)	-	2,091	5,108	28,735	-	-	126	25	5,234	30,851
Departmental adjustments by the Finance Minister (Appropriation Acts)	-	-	-	-	-	-	-	-	-	-
Appropriation (Regional Telecommunications Services) Bill 2005-06	-	-	-	-	-	215,759	-	3,459	-	219,218
Advance to the Finance Minister	-	-	-	-	-	-	-	-	-	-
Reductions:										
- prior years	1,295	2,036	1,226	17,119	57,818	8,996	-	-	60,339	28,151
- current year	-	-	-	-	-	-	-	-	-	-
FMA Act:										
Refunds credited (FMA s30)	110	310	219	10	184	817	757	686	1,270	1,823
Appropriations to take account of recoverable GST (FMA s30A)	6,141	6,681	3,695	7,576	28,918	28,383	4,550	4,680	43,304	47,320
Annotations to 'net appropriations' (FMA s31)	-	-	-	-	-	-	1,010	2,028	1,010	2,028
Adjustment of appropriations on change of entity function (FMA s32)	-	-	-	-	-	-	-	(36)	-	(36)
Total appropriation available for payments	218,463	207,999	42,252	84,906	542,469	449,975	218,807	184,573	1,021,991	927,453
Cash payments made during the year (GST inclusive)	179,981	183,447	41,036	83,682	326,027	320,368	125,986	115,427	673,030	702,924
Appropriations credited to Special Accounts (excluding GST)	-	-	-	-	-	-	151	2,883	151	2,883
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations	38,482	24,552	1,216	1,224	216,442	129,607	92,670	66,263	348,810	221,645

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for the year ended 30 June 2007

Note 25A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and Borrowings (continued)

Particulars	Administered Expenses						Departmental Outputs		Total	
	Outcome 1		Outcome 2		Outcome 3		2007	2006	2007	2006
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000				
<i>Represented by</i>										
Cash at bank and on hand	64	-	-	-	10	7	1,453	3,282	1,527	3,289
Departmental appropriations receivable	-	-	-	-	-	-	90,210	61,848	90,210	61,848
GST receivable from customers	-	-	-	-	-	-	184	107	184	107
GST receivable from the ATO	-	-	-	-	-	-	1,479	1,044	1,479	1,044
GST payable	-	-	-	-	-	-	(656)	(18)	(656)	(18)
Undrawn, unapplied administered appropriations	38,418	24,552	1,216	1,224	216,432	129,600	-	-	256,066	155,377
<i>Total</i>	38,482	24,552	1,216	1,224	216,442	129,607	92,670	66,263	348,810	221,647

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 25B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations

Particulars	Administered						Non-operating						Total		
	Outcome 1			Outcome 2			Outcome 3			Equity	Loans	Previous Years' Outputs			Admin assets and liabilities
	SPPs	NAE		SPPs	NAE		SPPs	NAE							
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000
Balance carried from previous period	-	-	-	-	-	864	-	-	-	429	258	-	-	-	429
Appropriation Act:															
Appropriation Act (No.2)	-	-	-	-	-	62,900	-	-	-	660	-	-	-	4,000	10,155
Appropriation Act (No.4)	-	-	-	-	-	10,000	-	-	-	1,442	647	-	-	-	1,562
Departmental Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance to the Finance Minister	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reductions:															
Prior years	-	-	-	-	-	864	-	-	-	-	-	-	-	-	864
Current year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FMA Act:															
Refunds credited (FMA s30)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriations to take account of recoverable GST (FMA s30A)	-	-	-	-	-	169	-	-	-	116	47	-	-	57	342
Adjustment of appropriations on change of entity function (FMA s32)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Department of Communications, Information Technology and the Arts
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Note 25B: Acquital of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations (continued)

Particulars	Administered						Non-operating						Total	
	Outcome 1			Outcome 2			Outcome 3			Equity	Loans	Previous Years' Outputs	Admin assets and liabilities	
	SPPs	NAE		SPPs	NAE		SPPs	NAE						
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Total appropriations available for payments	-	-	-	5,784	72,900	-	-	-	2,647	952	-	-	4,057	-
Cash payments made during the year (GST inclusive)	-	-	-	1,855	72,900	-	-	-	1,376	523	-	-	723	-
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Other Than Ordinary Annual Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriations	-	-	-	3,929	-	-	-	-	1,271	429	-	-	3,334	-
Represented by:														
Departmental appropriation receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation not drawn from the OPA	-	-	-	3,929	-	-	-	-	-	-	-	-	3,334	-
Total	-	-	-	3,929	-	-	-	-	1,271	429	-	-	3,334	-
													8,534	429

Department of Communications, Information Technology and the Arts
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for the year ended 30 June 2007

Note 25C: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations
(Unlimited Amount)

In the current and prior year the Department has not used the following administered Special Appropriations (Unlimited Amount):

- S39 of the *Financial Management and Accountability Act 1997* for the investment of public money;
- S98B(4)¹ of the *Broadcasting Services Act 1992* for repayment of a deposit, and of the interest payable on the deposit;
- S8BA(3) of the *Telstra Corporation Act 1991* for the payment of compensation-constitutional safety net;
- S28(2) of the *Financial Management Accountability Act 1997* or any other legislative provision allowing for refunds to be paid; and
- S5(5) of the *AUSSAT Repeal Act 1991* for the payment of money to AUSSAT.

¹ S98B(4) of the *Broadcasting Services Act 1992* was repealed from 1 July 2005, with the establishment of the Australian Communications and Media Authority.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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Note 25D: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriation (Limited Amount)

<i>Appropriation (Supplementary Measures) Act (No.1) 1999, section 3¹</i>	Administered		Departmental		Total	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Purpose:</i> for payment of book industry assistance						
<i>Nature:</i> Administered and Departmental						
Amount available carried from previous period	1	1	-	13	1	14
Appropriation for reporting period	-	-	-	-	-	-
Appropriations to take account of recoverable GST (FMA Act s30A)	-	-	-	1	-	1
Available for payments	1	1	-	14	1	15
Cash payments made during the year (GST inclusive)	-	-	-	14	-	14
Amount available carried to the next period	1	1	-	-	1	1
<i>Represented by:</i>						
Cash	-	-	-	-	-	-
Appropriation receivable	-	-	-	-	-	-
Undrawn, unexpired administered appropriations	1	1	-	-	1	1
Total	1	1	-	-	1	1

¹The *Appropriation (Supplementary Measures) Act No.1 1999* appropriation is split between the Department of Industry, Tourism and Resources, the Department of Education, Science and Technology and the Department of Communications, Information Technology and the Arts. The apportionment of the Special Appropriation between the entities was assigned on a letter from the Prime Minister dated 18 August 1999.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 26: Special Accounts

Note 26: Table A: Special Accounts

Standing Committee on Recreation and Sport Consultant Account									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2007	2006	2007	2006	2007	2006	2007	2006	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance carried from previous period	-	-	430	114	-	-	430	114	-
Appropriation for reporting period	-	-	-	-	-	-	-	-	-
Credit from other Special Accounts	-	-	-	-	-	-	-	-	-
GST credits (FMA Act s30A)	-	-	33	47	-	-	33	47	-
Other receipts	-	-	166	792	-	-	166	792	-
Available for payments	-	-	629	953	-	-	629	953	-
Payments made to suppliers - related entities	-	-	(258)	(421)	-	-	(258)	(421)	-
Payments made to suppliers - external entities	-	-	(109)	(102)	-	-	(109)	(102)	-
Debit to Special Account ¹	-	-	(262)	-	-	-	(262)	-	-
Balance carried to next period	-	-	-	430	-	-	-	430	-
<i>Represented by:</i>									
Cash - held by the Department	-	-	-	430	-	-	-	430	-
GST receivable/(payable) to ATO	-	-	-	-	-	-	-	-	-
Total balance carried to next period	-	-	-	430	-	-	-	430	-

¹The Standing Committee on Recreation and Sport Consultant Account was abolished on 30 November 2006. The balance of funds was transferred to the Sport and Recreation Account.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 26: Table A: Special Accounts (continued)

Cultural Ministers' Council Account										
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>										
<i>Purpose: for the expenditure on conducting activities of the working parties initiated by the Cultural Ministers' Council (established 1 December 2005).</i>										
<i>Nature: Departmental</i>										
	Outcome 1		Outcome 2		Outcome 3		Total			
	2007	2006	2007	2006	2007	2006	2007	2006		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Balance carried from previous period	515	-	-	-	-	-	515	-		
Appropriation for reporting period	-	-	-	-	-	-	-	-		
Credited from other Special Accounts	-	-	-	-	-	-	-	-		
GST credits (FMA Act s30A)	71	1	-	-	-	-	71	1		
Other receipts	736	842	-	-	-	-	736	842		
Available for payments	1,322	843	-	-	-	-	1,322	843		
Payments made to employees	(61)	(26)	-	-	-	-	(61)	(26)		
Payments made for grants	(760)	(300)	-	-	-	-	(760)	(300)		
Payments made to suppliers - related entities	-	-	-	-	-	-	-	-		
Payments made to suppliers - external entities	(23)	(2)	-	-	-	-	(23)	(2)		
Debit to special account	-	-	-	-	-	-	-	-		
Balance carried to next period	478	515	-	-	-	-	478	515		
<i>Represented by:</i>										
Cash - held by the Department	478	515	-	-	-	-	478	515		
GST receivable/(payable) to ATO	-	-	-	-	-	-	-	-		
Total balance carried to next period	478	515	-	-	-	-	478	515		

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 26: Table A: Special Accounts (continued)

National Collections Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>									
<i>Purpose: for the expenditure on conducting projects, programmes and strategies associated with the future directions, needs and priorities of the collections sector (established 1 December 2005).</i>									
<i>Nature: Departmental</i>									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2007	2006	2007	2006	2007	2006	2007	2006	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance carried from previous period	526	-	-	-	-	-	526	-	-
Appropriation for reporting period	-	-	-	-	-	-	-	-	-
Credited from other Special Accounts	-	-	-	-	-	-	-	-	-
GST credits (FMA Act s30A)	78	27	-	-	-	-	78	27	-
Other receipts	540	943	-	-	-	-	540	943	-
Available for payments	1,144	970	-	-	-	-	1,144	970	-
Payments made for grants	(326)	(144)	-	-	-	-	(326)	(144)	-
Payments made to suppliers - related entities	-	-	-	-	-	-	-	-	-
Payments made to suppliers - external entities	(530)	(300)	-	-	-	-	(530)	(300)	-
Debit to Special Account	-	-	-	-	-	-	-	-	-
Balance carried to next period	288	526	-	-	-	-	288	526	-
<i>Represented by:</i>									
Cash - held by the Department	288	526	-	-	-	-	288	526	-
GST Receivable/(Payable) to ATO	-	-	-	-	-	-	-	-	-
Total balance carried to next period	288	526	-	-	-	-	288	526	-

Department of Communications, Information Technology and the Arts
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Note 26: Table A: Special Accounts (continued)

International Aid Account	Outcome 1		Outcome 2		Outcome 3		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance carried from previous period	-	-	-	-	6	-	6	-
Appropriation for reporting period	-	-	-	-	-	-	-	-
Credited from other Special Accounts	-	-	-	-	-	-	-	-
GST credits (FMA Act s30A)	-	-	-	-	-	4	-	4
Other receipts	-	-	-	-	159	48	159	48
Available for payments	-	-	-	-	165	52	165	52
Payments made to suppliers - related entities	-	-	-	-	-	-	-	-
Payments made to suppliers - external entities	-	-	-	-	-	(46)	-	(46)
Debit to Special Account	-	-	-	-	-	-	-	-
Balance carried to next period	-	-	-	-	165	6	165	6
<i>Represented by:</i>								
Cash - held by the Department	-	-	-	-	165	6	165	6
GST receivable/(payable) to ATO	-	-	-	-	-	-	-	-
Total balance carried to next period	-	-	-	-	165	6	165	6

Legal Authority: Financial Management and Accountability Act 1997, section 20.
Purpose: for the expenditure on conducting activities in the Asia-Pacific region that assists countries to liberalise their communications markets, including, but not limited to: telecommunications liberalisation, regulatory development, capacity building, e-commerce development and security (established 1 December 2005).
Nature: Departmental

Department of Communications, Information Technology and the Arts
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for the year ended 30 June 2007

Note 26: Table A: Special Accounts (continued)

National Portrait Gallery Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>									
<i>Purpose:</i> for the expenditure on acquisition of works of art, organising activities and mounting exhibitions for the National Portrait Gallery (NPG) and assisting with NPG Circle of Friends events (established 1 December 2005).									
<i>Nature:</i> Departmental									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2007	2006	2007	2006	2007	2006	2007	2006	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance carried from previous period	2,001	-	-	-	-	-	2,001	-	-
Appropriation for reporting period	151	1,978	-	-	-	-	151	1,978	-
Interest received	-	-	-	-	-	-	-	-	-
Credited from other Special Accounts	-	-	-	-	-	-	-	-	-
GST credits (FMA Act s30A)	21	-	-	-	-	-	21	-	-
Other receipts	1,672	25	-	-	-	-	1,672	25	-
Available for payments	3,845	2,003	-	-	-	-	3,845	2,003	-
Payments made to suppliers - related entities	-	-	-	-	-	-	-	-	-
Payments made to suppliers - external entities	(376)	(2)	-	-	-	-	(376)	(2)	-
Debit to Special Account	-	-	-	-	-	-	-	-	-
Balance carried to next period	3,469	2,001	-	-	-	-	3,469	2,001	-
<i>Represented by:</i>									
Cash - held by the Department	3,466	2,001	-	-	-	-	3,466	2,001	-
GST receivable/(payable) to ATO	3	-	-	-	-	-	3	-	-
Total balance carried to next period	3,469	2,001	-	-	-	-	3,469	2,001	-

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Note 26: Table A: Special Accounts (continued)

Return of Indigenous Cultural Property Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>									
<i>Purpose: for the expenditure on developing and conducting programmes and strategies associated with the repatriation of Indigenous cultural material, on behalf of the Cultural Ministers' Council (established 1 December 2005).</i>									
<i>Nature: Departmental</i>									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2007	2006	2007	2006	2007	2006	2007	2006	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance carried from previous period	596	-	-	-	-	-	596	-	-
Appropriation for reporting period	-	-	-	-	-	-	-	-	-
Credited from other Special Accounts	-	-	-	-	-	-	-	-	-
GST credits (FMA Act s30A)	17	30	-	-	-	-	17	30	
Other receipts	45	913	-	-	-	-	45	913	
Available for payments	658	943	-	-	-	-	658	943	
Payments made to employees	(56)	(14)	-	-	-	-	(56)	(14)	
Payments made for grants	(176)	(333)	-	-	-	-	(176)	(333)	
Payments made to suppliers - related entities	-	-	-	-	-	-	-	-	
Payments made to suppliers - external entities	(17)	-	-	-	-	-	(17)	-	
Debit to Special Account	-	-	-	-	-	-	-	-	
Balance carried to next period	409	596	-	-	-	-	409	596	
<i>Represented by:</i>									
Cash - held by the Department	409	596	-	-	-	-	409	596	
GST receivable/(payable) to ATO	-	-	-	-	-	-	-	-	
Total balance carried to next period	409	596	-	-	-	-	409	596	

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for the year ended 30 June 2007

Note 26: Table A: Special Accounts (continued)

Artbank Business Operations Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>									
<i>Purpose: for payment on programs and operations of Artbank.</i>									
<i>Nature: Departmental</i>									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2007	2006	2007	2006	2007	2006	2007	2006	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance carried from previous period	2,021	1,909	-	-	-	-	2,021	1,909	
Correction of prior year errors	(4)	-	-	-	-	-	(4)	-	
Sales of goods and services - related entities	562	1,295	-	-	-	-	562	1,295	
Sales of goods and services - external entities	687	1,668	-	-	-	-	687	1,668	
Other receipts	-	117	-	-	-	-	-	117	
Credited from other Special Accounts	-	-	-	-	-	-	-	-	
GST credits (FMA Act s30A)	55	-	-	-	-	-	55	-	
Available for payments	3,321	4,989	-	-	-	-	3,321	4,989	
Payments made to employees	(579)	(1,099)	-	-	-	-	(579)	(1,099)	
Payments made to suppliers - related entities	(23)	(16)	-	-	-	-	(23)	(16)	
Payments made to suppliers - external entities	(594)	(1,853)	-	-	-	-	(594)	(1,853)	
Debit to Special Account ¹	(2,125)	-	-	-	-	-	(2,125)	-	
Balance carried to next period	-	2,021	-	-	-	-	-	2,021	
<i>Represented by:</i>									
Cash - held by the Department	-	2,021	-	-	-	-	-	2,021	
GST receivable/(payable) to ATO	-	-	-	-	-	-	-	-	
Total balance carried to next period	-	2,021	-	-	-	-	-	2,021	

¹The Artbank Business Operations Account was abolished on 30 November 2006. The balance of funds was transferred to the Art Rental Special Account.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 26: Table A: Special Accounts (continued)

Art Rental Special Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>									
<i>Purpose: to acquire, deaccession, lease, promote, develop, exhibit, lend, conserve and undertake any other activities in relation to managing an art rental collection for the Commonwealth (established 17 August 2006).</i>									
<i>Nature: Departmental</i>									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2007	2006	2007	2006	2007	2006	2007	2006	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance carried from previous period	-	-	-	-	-	-	-	-	-
Credited from other Special Accounts	2,125	-	-	-	-	-	2,125	-	-
Sales of goods and services - related entities	772	-	-	-	-	-	772	-	-
Sales of goods and services - external entities	801	-	-	-	-	-	801	-	-
Other receipts	27	-	-	-	-	-	27	-	-
GST credits (FMA Act s30A)	109	-	-	-	-	-	109	-	-
Available for payments	3,834	-	-	-	-	-	3,834	-	-
Payments made to employees	(674)	-	-	-	-	-	(674)	-	-
Payments made for grants	-	-	-	-	-	-	-	-	-
Payments made to suppliers - related entities	(24)	-	-	-	-	-	(24)	-	-
Payments made to suppliers - external entities	(1,250)	-	-	-	-	-	(1,250)	-	-
Debit to Special Account	-	-	-	-	-	-	-	-	-
Balance carried to next year	1,886	-	-	-	-	-	1,886	-	-
<i>Represented by:</i>									
Cash - held by the Agency	1,898	-	-	-	-	-	1,898	-	-
GST Receivable/Payable to ATO	(12)	-	-	-	-	-	(12)	-	-
Total balance carried to next period	1,886	-	-	-	-	-	1,886	-	-

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 26: Table A: Special Accounts (continued)

Sport and Recreation Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>									
<i>Purpose: to undertake sport and recreation related projects of common interest to the Sport and Recreation Ministers' Council, its successor or subordinate bodies, and that benefit all or a majority of members (established 17 August 2006).</i>									
<i>Nature: Departmental</i>									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2007	2006	2007	2006	2007	2006	2007	2006	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance carried from previous period	-	-	-	-	-	-	-	-	-
Appropriation for reporting period	-	-	-	-	-	-	-	-	-
Credited from other Special Accounts	-	-	262	-	-	-	262	-	-
GST credits (FMA Act s30A)	-	-	23	-	-	-	23	-	-
Other receipts	-	-	309	-	-	-	309	-	-
Available for payments	-	-	594	-	-	-	594	-	-
Payments made to employees	-	-	-	-	-	-	-	-	-
Payments made for grants	-	-	-	-	-	-	-	-	-
Payments made to suppliers - related entities	-	-	(253)	-	-	-	(253)	-	-
Payments made to suppliers - external entities	-	-	(1)	-	-	-	(1)	-	-
Debit to Special Account	-	-	-	-	-	-	-	-	-
Balance carried to next period	-	-	340	-	-	-	340	-	-
<i>Represented by:</i>									
Cash - held by the Department	-	-	340	-	-	-	340	-	-
GST receivable/(payable) to ATO	-	-	-	-	-	-	-	-	-
Total balance carried to next period	-	-	340	-	-	-	340	-	-

Department of Communications, Information Technology and the Arts
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for the year ended 30 June 2007

Note 26: Table A: Special Accounts (continued)

Other Trust Monies Account										
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>										
<i>Purpose: for payments of monies temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.</i>										
<i>Nature: Departmental</i>										
	Outcome 1		Outcome 2		Outcome 3		Total			
	2007	2006	2007	2006	2007	2006	2007	2006		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Balance carried from previous period	2	2	3	-	18	4	23	23	6	6
Appropriation for reporting period	-	-	-	-	-	-	-	-	-	-
Credited from other Special Accounts	-	-	-	-	-	-	-	-	-	-
GST credits (FMA Act s30A)	-	-	-	-	-	-	-	-	-	-
Other receipts	56	9	-	36	120	96	176	176	141	141
Available for payments	58	11	3	36	138	100	199	199	147	147
Payments made	(55)	(9)	(3)	(33)	(25)	(82)	(83)	(83)	(124)	(124)
Balance carried to next period	3	2	-	3	113	18	116	116	23	23
<i>Represented by:</i>										
Cash - held by the Department	3	2	-	3	113	18	116	116	23	23
GST receivable/(payable) to the ATO	-	-	-	-	-	-	-	-	-	-
Total balance carried to next period	3	2	-	3	113	18	116	116	23	23

Department of Communications, Information Technology and the Arts
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Note 26: Table A: Special Accounts (continued)

Federation Fund Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>									
<i>Purpose: for the expenditure on substantial capital projects throughout Australia which will mark the Centenary of Federation and make a significant and lasting contribution to the Australian community.</i>									
<i>Nature: Administered</i>									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2007	2006	2007	2006	2007	2006	2007	2006	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance carried from previous period	2,306	2,788	8,862	8,862	-	-	11,168	11,650	
Other receipts - grant refunds	-	18	-	-	-	-	-	18	
GST credits (FMA Act s30A)	-	-	-	-	-	-	-	-	
Available for payments	2,306	2,806	8,862	8,862	-	-	11,168	11,668	
Other adjustments ¹	(2,306)	-	(8,862)	-	-	-	(11,168)	-	
Payments made for grants	-	(500)	-	-	-	-	-	(500)	
Balance carried to next period	-	2,306	-	8,862	-	-	-	11,168	
<i>Represented by:</i>									
Cash transferred to the Official Public Account	-	2,306	-	8,862	-	-	-	11,168	
Total balance carried to next period	-	2,306	-	8,862	-	-	-	11,168	

¹ The Federation Fund Special Account was closed on 30 November 2006 and the balance was transferred to Federation Fund - Department of Communications, Information Technology and the Arts Account.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 26: Table A: Special Accounts (continued)

Federation Fund - Department of Communications, Information Technology and the Arts Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>									
<i>Purpose: for the expenditure on substantial capital projects throughout Australia which will mark the Centenary of Federation and make a significant and lasting contribution to the Australian community (established 17 August 2006).</i>									
<i>Nature: Administered</i>									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2007	2006	2007	2006	2007	2006	2007	2006	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Credited from other Special Accounts	2,306	-	8,862	-	-	-	11,168	-	-
Other receipts - grant refunds	-	-	-	-	-	-	-	-	-
GST credits (FMA Act s30A)	-	-	-	-	-	-	-	-	-
Available for payments	2,306	-	8,862	-	-	-	11,168	-	-
Payments made for grants	-	-	-	-	-	-	-	-	-
Other adjustments ¹	(500)	-	(8,862)	-	-	-	(9,362)	-	-
Balance carried to next period	1,806	-	-	-	-	-	1,806	-	-
<i>Represented by:</i>									
Cash transferred to the Official Public Account	1,806	-	-	-	-	-	1,806	-	-
Total balance carried to next period	1,806	-	-	-	-	-	1,806	-	-

¹The Federation Fund - Department of Communications, Information and Technology and the Arts balance of appropriation was permanently reduced by \$9,361,550 on 30 June 2007.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 26: Table A: Special Accounts (continued)

Regional Telecommunications Infrastructure Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>									
<i>Purpose: for payments of financial assistance for telecommunications related projects in regional areas.</i>									
<i>Nature: Administered</i>									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2007	2006	2007	2006	2007	2006	2007	2006	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance carried from previous period	-	-	-	-	-	36,284	-	-	36,284
Other receipts - grant refunds	-	-	-	-	-	64	-	-	64
GST credits (FMA Act s30A)	-	-	-	-	-	-	-	-	-
Available for payments	-	-	-	-	-	36,348	-	-	36,348
Payments made for grants	-	-	-	-	-	-	-	-	-
Other adjustments ¹	-	-	-	-	-	(36,348)	-	-	(36,348)
Balance carried to next period	-	-	-	-	-	-	-	-	-
<i>Represented by:</i>									
Cash transferred to the Official Public Account	-	-	-	-	-	-	-	-	-
Total balance carried to next period	-	-	-	-	-	-	-	-	-

¹ The Regional Telecommunications Infrastructure Account was closed on 16 May 2006.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 26: Table A: Special Accounts (continued)

National Relay Service Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 21 and Telecommunications (Consumer Protection and Service Standards) Act 1999, section 102.</i>									
<i>Purpose: provision of telephone services to the hearing impaired</i>									
<i>Nature: Administered</i>									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	
Balance carried from previous period	-	-	-	-	4	-	4	-	-
Refunds credited (FMAA s30)	-	-	-	-	-	-	-	-	-
Other receipts - levy on telecommunication carriers	-	-	-	-	14	10,479	14	10,479	-
GST credits (FMA Act s30A)	-	-	-	-	-	1,155	-	1,155	-
Available for payments	-	-	-	-	18	11,634	18	11,634	-
Payments made to National Relay Service provider	-	-	-	-	(13)	(11,630)	(13)	(11,630)	-
Repayments debited from the Special Account (s28)	-	-	-	-	-	-	-	-	-
Other adjustments ¹	-	-	-	-	(5)	-	(5)	-	-
Balance carried to next period	-	-	-	-	-	4	-	-	4
<i>Represented by:</i>									
Cash transferred to the Official Public Account	-	-	-	-	-	4	-	-	4
Total balance carried to next period	-	-	-	-	-	4	-	-	4

¹ The National Relay Service Account was transferred to the Australian Communications and Media Authority on 1 August 2006.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 26: Table A: Special Accounts (continued)

Universal Service Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 21 and Telecommunications (Consumer Protection and Service Standards) Act 1999, section 21.</i>									
<i>Purpose: for collection of payments from telecommunications carriers required to contribute to the costs of providing universal service requirements.</i>									
<i>Nature: Administered</i>									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	
Balance carried from previous period	-	-	-	-	-	10	-	-	10
Other receipts - levy on communications carriers	-	-	-	-	-	-	-	-	-
GST credits (FMA Act s30A)	-	-	-	-	-	-	-	-	-
Available for payments	-	-	-	-	-	10	-	-	10
Payments made under the Universal Service Obligation arrangements	-	-	-	-	-	-	-	-	-
Other adjustments ¹	-	-	-	-	-	(10)	-	(10)	-
Balance carried to next period	-	-	-	-	-	-	-	-	-
<i>Represented by:</i>									
Cash transferred to the Official Public Account	-	-	-	-	-	-	-	-	-
Total balance carried to next period	-	-	-	-	-	-	-	-	-

¹ The Universal Service Account was transferred to the Australian Communications and Media Authority from 1 July 2005.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 26: Table A: Special Accounts (continued)

Communications Fund Account									
<i>Legal Authority: Financial Management and Accountability Act 1997, section 21 and Telecommunications (Consumer Protection and Service Standards) Act 1999 sections 158ZH, 158ZO, 158ZP.</i>									
<i>Purpose: to fund recommendations arising from reviews of the adequacy of telecommunications services in regional, rural and remote parts of Australia.</i>									
<i>Nature: Administered</i>									
	Outcome 1		Outcome 2		Outcome 3		Total		
	2007	2006	2007	2006	2007	2006	2007	2006	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance carried from previous period	-	-	-	-	-	-	-	-	-
Appropriation for reporting period	-	-	-	-	-	-	-	-	-
Realised investments	-	-	-	-	2,084,595	-	2,084,595	-	2,000,000
Other receipts - interest	-	-	-	-	-	-	-	-	-
Available for payments	-	-	-	-	131,583	84,598	131,583	84,598	-
Investments debited from the Special Account	-	-	-	-	2,216,178	2,084,598	2,216,178	2,084,598	-
Payments made for purchase of investment	-	-	-	-	(2,215,986)	(2,084,595)	(2,215,986)	(2,084,595)	-
Payments made for investment cost	-	-	-	-	(192)	(3)	(192)	(3)	-
Balance carried to next period	-	-	-	-	-	-	-	-	-
<i>Represented by:</i>									
Cash transferred to the Official Public Account	-	-	-	-	-	-	-	-	-
Total balance carried to next period	-	-	-	-	-	-	-	-	-
Balance of Investments	-	-	-	-	2,217,885	2,084,595	2,217,885	2,084,595	-

Department of Communications, Information Technology and the Arts
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Note 26: Table B: Special Accounts Investment of Public Money

Communications Fund Investment of Public Money under sections 158ZH, 158ZO, 158ZP <i>Telecommunications (Consumer Protection and Service Standards)</i> <i>Act 1999.</i>	Outcome 3	
	2007	2006
	\$'000	\$'000
Opening Balance	2,084,595	-
Investments made during the year ¹	30,376,235	30,978,403
Interest earned	131,583	84,598
Transactional charges	(192)	(3)
Investments realised ¹	(30,374,336)	(28,978,403)
Closing Balance	2,217,885	2,084,595

¹ Investments made during the year and investments realised represent the gross proceeds from the maturity and reinvestment of the term deposit.

Note 27: Assets Held in Trust

Purpose - This account holds:

- monies advanced to the Department of Communications, Information Technology and the Arts by Comcare for the purpose of distributing compensation payments made in accordance with the *Safety Rehabilitation and Compensation Act 1998*. Where the Department of Communications, Information Technology and the Arts makes payments against accrued sick leave entitlements pending determination of an employee's claim, permission is obtained in writing from each individual to allow the Department of Communications, Information Technology and the Arts to recover the payments from the monies in the account; and
- unclaimed monies including, but not limited to, monies found on Australian Government premises and unidentified receipts.

	2007	2006
	\$'000	\$'000
Balance carried forward from previous year	23	6
Receipts during the year	176	141
Available for payments	199	147
Payments made	83	124
Balance carried forward to next year held by the entity	116	23

The monies held in this account are also disclosed in Note 26 "Other Trust Monies Account".

Department of Communications, Information Technology and the Arts
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Note 28: Compensation and Debt Relief

	2007	2006
	\$'000	\$'000
Administered		
'Act of Grace' payments and amounts owing as at year end.	-	-
Waivers of amounts owing to the Australian Government pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> .	-	-
Payments made under the 'Compensation for Detriment caused by Defective Administration (CDDA) Scheme'.	-	-
'Ex-gratia' payments.	-	-
Payments under section 73 of the <i>Public Service Act 1999</i> .	-	-
Departmental		
'Act of Grace' payments and amounts owing as at year end.	-	-
Waivers of amount owing to the Australian Government pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> .	-	-
Payments made under the 'Compensation for Detriment caused by Defective Administration (CDDA) Scheme'.	-	-
'Ex-gratia' payments.	-	-
Payments under section 73 of the <i>Public Service Act 1999</i> .	-	-

Department of Communications, Information Technology and the Arts
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Note 29: Reporting of Outcomes

The Department uses a costing system to determine the attribution of its shared items (overheads) to Outcomes and Outputs. This system is largely based on the use of actual average staffing levels (ASLs) month by month. The basis of attribution in the 'Reporting of Outcomes' tables is consistent with the basis used for the 2006–07 Budget.

Note 29A: Net Cost of Outcome Delivery

	Outcome 1		Outcome 2		Outcome 3		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Total Outcomes								
Administered	174,744	179,846	32,336	109,394	262,117	347,957	469,197	637,197
Departmental	50,985	46,624	5,913	8,045	73,483	59,881	130,381	114,550
Total expenses	225,729	226,470	38,249	117,439	335,600	407,838	599,578	751,747
Costs recovered from provision of goods and services to the non Government sector								
Administered	-	-	-	-	-	-	-	-
Departmental	-	-	-	-	-	-	-	-
Total costs recovered								
Other external income								
Administered								
Interest	-	14	-	-	131,837	86,245	131,837	86,259
Dividends from Australian Government entities	-	-	-	-	1,181,869	2,860,983	1,181,869	2,860,983
Industry levies	-	-	-	-	3,710	11,075	3,710	11,075
Net gains on sale of assets	-	-	-	-	16,778,795	-	16,778,795	-
Grant refunds	1,218	-	646	-	303	-	2,167	-
Refunds from prior year insurance premiums	677	-	-	-	-	-	677	-
Other sources	-	810	-	376	4	6,197	4	7,383
Total Administered	1,895	824	646	376	18,096,518	2,964,500	18,099,059	2,965,700
Departmental								
Goods and services income from related entities	1,235	1,062	6	3	24	31	1,265	1,096
Interest on cash deposits	-	-	-	-	-	-	-	-
Other	6,929	7,087	487	415	512	678	7,928	8,180
Total Departmental	8,164	8,149	493	418	536	709	9,193	9,276
Total other external income	10,059	8,973	1,139	794	18,097,054	2,965,209	18,108,252	2,974,976
Net cost/(contribution) of outcome	215,670	217,497	37,110	116,645	(17,761,454)	(2,557,371)	(17,508,674)	(2,223,229)

Outcomes 1, 2 and 3 are described in Note 1. Net costs shown include Intra-Government costs that are eliminated in calculating the actual Budget Outcome.

Department of Communications, Information Technology and the Arts
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for the year ended 30 June 2007

Note 29B: Major Classes of Departmental Income and Expenses by Output Group: Outcome 1 – 1 July 2006 to 9 April 2007

There have been changes to the Output structure of the Department since the 2005–06 Financial Statements (as detailed in Note 1). As a result, from 10 April 2007 the Department's activities are identified under three Outputs, one for each Outcome. The information on outputs reported below is separated into two sections: 1 July 2006 to 9 April 2007 and 10 April 2007 to 30 June 2007. The comparatives are reported in the 1 July 2006 to 9 April 2007 section and are as reported in 2005–06 Financial Statements.

Outcome 1	Output Group 1.1		Output Group 1.2		Outcome 1 Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Departmental expenses						
Employees	13,227	16,768	7,966	8,408	21,193	25,176
Suppliers	6,805	9,639	6,134	7,811	12,939	17,450
Depreciation and amortisation	645	793	535	592	1,180	1,385
Other expenses	11	105	11	72	22	177
Grants	666	2,436	-	-	666	2,436
Total departmental expenses	21,354	29,741	14,646	16,883	36,000	46,624
Funded by:						
Income from Government	20,252	26,984	14,613	16,606	34,865	43,590
Sale of goods and services	2,057	2,555	308	459	2,365	3,014
Other non-taxation income	1,658	1,865	1,377	3,270	3,035	5,135
Total departmental income	23,967	31,404	16,298	20,335	40,265	51,739

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 29C: Major Classes of Departmental Income and Expenses by Output Group: Outcome 2 – 1 July 2006 to 9 April 2007

There have been changes to the Output structure of the Department since the 2005–06 Financial Statements (as detailed in Note 1). As a result, from 10 April 2007 the Department's activities are identified under three Outputs, one for each Outcome. The information on outputs reported below is separated into two sections: 1 July 2006 to 9 April 2007 and 10 April 2007 to 30 June 2007. The comparatives are reported in the 1 July 2006 to 9 April 2007 section and are as reported in 2005–06 Financial Statements.

Outcome 2	Output Group 2.1		Outcome 2 Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Departmental expenses				
Employees	2,602	4,636	2,602	4,636
Suppliers	1,733	3,225	1,733	3,225
Depreciation and amortisation	63	165	63	165
Other expenses	1	19	1	19
Total departmental expenses	4,399	8,045	4,399	8,045
Funded by:				
Income from Government	4,342	9,237	4,342	9,237
Sale of goods and services	1	13	1	13
Other non-taxation income	494	405	494	405
Total departmental income	4,837	9,655	4,837	9,655

Department of Communications, Information Technology and the Arts
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Note 29D: Major Classes of Departmental Income and Expenses by Output Group: Outcome 3 – 1 July 2006 to 9 April 2007

There have been changes to the Output structure of the Department since the 2005–06 Financial Statements (as detailed in Note 1). As a result, from 10 April 2007 the Department's activities are identified under three Outputs, one for each Outcome. The information on outputs reported below is separated into two sections: 1 July 2006 to 9 April 2007 and 10 April 2007 to 30 June 2007. The comparatives are reported in the 1 July 2006 to 9 April 2007 section and are as reported in 2005–06 Financial Statements.

Outcome 3	Output Group 3.1		Output Group 3.2		Output Group 3.3	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Departmental expenses						
Employees	18,010	16,540	7,037	8,538	4,173	4,526
Suppliers	8,608	8,537	2,860	4,047	1,577	2,266
Depreciation and amortisation	1,059	905	254	323	190	209
Other expenses	119	97	6	40	11	24
Grants	5	-	-	30	-	-
Total departmental expenses	27,801	26,079	10,157	12,978	5,951	7,025
Funded by:						
Income from Government	30,459	29,966	14,223	14,314	6,063	7,567
Sale of goods and services	19	3	5	15	7	1
Other non-taxation income	144	324	48	136	31	82
Total departmental income	30,622	30,293	14,276	14,465	6,101	7,650

Department of Communications, Information Technology and the Arts
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for the year ended 30 June 2007

Note 29D: Major Classes of Departmental Income and Expenses by Output Group: Outcome 3 – 1 July 2006 to 9 April 2007 (continued)

Outcome 3 (continued)	Output Group 3.4		Output Group 3.5		Outcome 3 Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Departmental expenses						
Employees	-	822	3,742	7,213	32,962	37,639
Suppliers	-	360	1,718	4,911	14,763	20,121
Depreciation and amortisation	-	44	174	354	1,677	1,835
Other expenses	-	5	4	43	140	209
Grants	-	-	45	47	50	77
Total departmental expenses	-	1,231	5,683	12,568	49,592	59,881
Funded by:						
Income from Government	-	1,574	6,051	13,556	56,796	66,977
Sale of goods and services	-	-	4	1	35	20
Other non-taxation income	-	21	29	126	252	689
Total departmental income	-	1,595	6,084	13,683	57,083	67,686

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Note 29E: Major Classes of Departmental Income and Expenses by Output Group – 10 April 2007 to 30 June 2007

	Output 1.1	Outcome 1 Total	Output 2.1	Outcome 2 Total	Output 3.1	Outcome 3 Total	Total Outcome
	2007 \$'000	2007 \$'000	2007 \$'000	2007 \$'000	2007 \$'000	2007 \$'000	2007 \$'000
Departmental expenses							
Employees	7,503	7,503	991	991	11,664	11,664	20,158
Suppliers	6,615	6,615	502	502	11,705	11,705	18,822
Depreciation and amortisation	374	374	20	20	505	505	899
Other expenses	12	12	1	1	(78)	(78)	(65)
Grants	481	481	-	-	95	95	576
Total departmental expenses	14,985	14,985	1,514	1,514	23,891	23,891	40,390
Funded by:							
Income from Government	15,791	15,791	1,455	1,455	33,303	33,303	50,549
Sale of goods and services	740	740	-	-	29	29	769
Other non-taxation income	2,024	2,024	(2)	(2)	220	220	2,242
Total departmental income	18,555	18,555	1,453	1,453	33,552	33,552	53,560

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Note 29F: Major Classes of Administered Revenues and Expenses by Outcomes

	Outcome 1		Outcome 2		Outcome 3		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered Income								
Interest	-	14	-	-	131,837	86,245	131,837	86,259
Dividends	-	-	-	-	1,181,869	2,860,983	1,181,869	2,860,983
Industry levies	-	-	-	-	3,710	11,075	3,710	11,075
Net Gains on sale of assets	-	-	-	-	16,778,795	-	16,778,795	-
Grant refunds	12,118	-	646	-	303	-	2,167	-
Refunds from prior year insurance premiums	677	-	-	-	-	-	677	-
Other	-	810	-	376	4	6,197	4	7,383
Total administered income	1,895	824	646	376	18,096,518	2,964,500	18,099,059	2,965,700
Administered Expenses								
Grants	152,269	152,153	29,808	107,224	89,868	99,068	271,945	358,445
Subsidies	-	-	-	-	166,199	225,909	166,199	225,909
Suppliers	1,226	1,963	2,385	2,170	1,593	472	5,204	4,605
Depreciation and amortisation	3,569	8,217	-	-	-	-	3,569	8,217
Write-down and impairment of assets	151	-	143	-	54	6,274	348	6,274
Other	17,529	17,513	-	-	4,403	16,234	21,932	33,747
Total administered expenses	174,744	179,846	32,336	109,394	262,117	347,957	469,197	637,197



INDEPENDENT AUDITOR'S REPORT

To the Minister for Communications, Information Technology and the Arts

Matters relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the financial statements published on the website of the Department of Communications, Information Technology and the Arts for the year ended 30 June 2007. The Department's Secretary is responsible for the integrity of the web site.

This auditor's report refers only to the primary statements, schedules and notes named below. It does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial statements.

If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements in the Department's annual report.

Scope

I have audited the accompanying financial statements of the Regional Telecommunications Infrastructure Account for the year ended 30 June 2007, which comprise: a Statement by the Secretary and Chief Financial Officer; income statement; balance sheet; statement of changes in equity; cash flow statement; schedules of commitments, contingencies and administered items; a summary of significant accounting policies; and other explanatory notes.

The Responsibility of the Secretary for the Financial Statements

The Department's Secretary is responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the Financial Management and Accountability Act 1997 and the Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing

Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Regional Telecommunications Infrastructure Account's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of management's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Department's Secretary, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial statements of the Regional Telecommunications Infrastructure Account:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, and the Australian Accounting Standards (including the Australian Accounting Interpretations); and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Regional Telecommunications Infrastructure Account's financial position as at 30 June 2007 and of its financial performance and its cash flows for the year then ended.

Australian National Audit Office



Carla Jago
Executive Director
Delegate of the Auditor-General

Canberra
27 September 2007



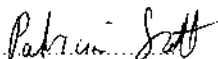
Australian Government
Department of Communications,
Information Technology and the Arts

**REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT
(RTIA)**

2006-2007 FINANCIAL STATEMENTS

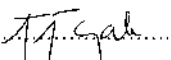
**STATEMENT BY THE DEPARTMENTAL SECRETARY
AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2007 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

Signed... 

Patricia Scott
Secretary

25 September 2007

Signed... 

Jennifer Gale FCPA
Chief Financial Officer

25 September 2007

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
INCOME STATEMENT
for the year ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
INCOME			
Revenue			
Grant refunds	4	-	64
Total Income		-	64
EXPENSES			
Grants	5	-	303
Write-down and impairment of assets	6	-	-
Total Expenses		-	303
Surplus (Deficit)		-	(239)

This statement should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
BALANCE SHEET
as at 30 June 2007

	Notes	2007 \$'000	2006 \$'000
ASSETS			
Financial Assets			
Receivables	7	-	-
Total financial assets		-	-
Non-Financial Assets			
Prepayments	8	-	-
Total non-financial assets		-	-
Total Assets		-	-
LIABILITIES			
Total Liabilities		-	-
Net Assets		-	-
EQUITY			
Retained surplus		-	-
Total Equity		-	-
Current Assets		-	-
Non-Current Assets		-	-
Current Liabilities		-	-
Non-Current Liabilities		-	-

This statement should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2007

Item	Accumulated Results		Asset Revaluation Reserves		Contributed Equity		Total Equity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Opening balance								
Balance carried forward from previous period	-	36,588	-	-	-	-	-	36,588
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-
Adjusted opening balance	-	36,588	-	-	-	-	-	36,588
Income and expense								
Re-measurement of makegood adjustment	-	-	-	-	-	-	-	-
Revaluation adjustment	-	-	-	-	-	-	-	-
Sub-total income and expenses recognised directly in equity	-	-	-	-	-	-	-	-
Surplus (Deficit) for the period	-	(239)	-	-	-	-	-	(239)
Total income and expenses	-	(239)	-	-	-	-	-	(239)
Transactions with owners								
<i>Distributions to owners</i>								
Returns of capital:								
Other ¹	-	36,349	-	-	-	-	-	36,349
Contributions by Owners								
Appropriation (equity injection)	-	-	-	-	-	-	-	-
Sub-total transactions with owners	-	36,349	-	-	-	-	-	36,349
Closing balance at 30 June	-	-	-	-	-	-	-	-

¹ The Regional Telecommunications Infrastructure Account was closed on 16 May 2006.

This statement should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
CASH FLOW STATEMENT
for the year ended 30 June 2007

	Notes	2007 \$	2006 \$
OPERATING ACTIVITIES			
Cash Received			
Grant refunds		-	64
Total cash received		-	64
Cash Used			
Grants		-	-
Total cash used		-	-
Net cash from or (used by) operating activities	9	-	64
Net increase or (decrease) in cash held		-	64
Cash at the beginning of the reporting period		-	-
Cash to Official Public Account		-	64
Cash at the end of the reporting period		-	-

This statement should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Notes	Description
1	Objectives of the RTIA
2	Funding Arrangements for the RTIA
3	Summary of Significant Accounting Policies
4	Income
5	Grants
6	Write-down and Impairment of Assets
7	Receivables
8	Prepayments
9	Cash Flow Reconciliation
10	Commitments and Contingent Liabilities and Assets
11	Financial Instruments
12	Receipts and Expenditure of the Special Account

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Introduction

The Regional Telecommunications Infrastructure Account (RTIA) was a Special Account funded from the partial sale of Telstra and the subsequent social bonus. The Special Account was established under Section 20 of the *Financial Management and Accountability Act 1997* (FMA Act 1997) and was administered by the Department of Communications, Information Technology and the Arts (the Department). The RTIA Special Account was abolished on 16 May 2006; accordingly, the financial statements for 2006–07 consist of the presentation of comparative information only.

Note 1: Objectives of the RTIA

The objective of the RTIA was to assist the economic and social development of regional, rural and remote Australia by funding projects which:

- enhance telecommunications infrastructure and services in regional, rural and remote areas;
- increase access to, and promote use of, services available through telecommunications networks in regional, rural and remote areas; or
- reduce disparities in access to such services and facilities between Australians in regional, rural or remote areas and those in urban areas.

Note 2: Funding Arrangements for the RTIA

The Australian Government announced the establishment of the RTIA in December 1996 with total funding of \$250m, with a further \$50m being allocated each year from 1997-98 to 2001-02. The expenditure under the related programs was concluded on 30 June 2004. The balance of this funding was no longer able to be used for any payments. Accordingly, the balance of unspent monies held in the Special Account when the RTIA was abolished was transferred to the Official Public Account.

The assets and liabilities of the RTIA as at 16 May 2006 were vested with the Department as Administered Assets and Liabilities. The assets included debtors against which a provision for doubtful debts was recorded and a contingent liability. The Department will now be responsible for these items.

Any transactions relating to the RTIA arising after 16 May 2006 including refunds of grant payments from previous years and the write off of debts will be classified as administered revenues and expenses.

Note 3: Summary of Significant Accounting Policies

The financial statements are required by Section 49 of the *FMA Act 1997* and are a general-purpose financial report.

The statements have been prepared in accordance with:

- the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 1 July 2006)*;
- Australian Accounting Standards issued by Australian Accounting Standards Board that apply for the reporting period; and
- Interpretations issued by the AASB and UIG that apply for the reporting period.

The Income Statement and Balance Sheet have been prepared on an accrual basis and are in accordance with the historical cost convention. Except where stated, no allowance is made for the effect of changing prices on the results or the Income Statement.

3.1 Changes in Accounting Policy

There are no changes in accounting policy.

**Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
for the year ended 30 June 2007

3.2 Rounding

Amounts have been rounded to the nearest \$1,000.

3.3 Cash

Cash includes notes and coins, deposits held at call with a bank or financial institution and cash held with the Official Public Account.

3.4 Grants and Subsidies

Grant and subsidy liabilities are recognised to the extent that the:

- (a) services required to be performed by the grantee have been performed; or
- (b) grant/subsidy eligibility criteria have been satisfied.

Where grant/subsidy monies are paid in advance of performance or eligibility, a prepayment is recognised. Grant commitments are reported in the Schedule of Commitments for any agreements signed that have not met the expense recognition criteria.

3.5 Financial Instruments

Accounting policies for financial instruments are stated at Note 11.

3.6 Taxation

The RTIA is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

Revenue and expenses are recognised net of the amount of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except receivables and payables.

3.7 Comparative Figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation and disclosure requirements in the financial statements and notes.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
Note 4: Income		
Grant refunds	-	(64)
Total income	<u>-</u>	<u>(64)</u>
Note 5: Grants		
State and Territory Governments	-	303
Total grants	<u>-</u>	<u>303</u>
Note 6: Write-down and Impairment of Assets		
Impairment of financial assets - Receivables	-	-
Total write-down and impairment of assets	<u>-</u>	<u>-</u>
Note 7: Receivables		
Appropriations receivable	-	-
Grant refunds	-	138
Less: allowance for doubtful debts	-	(138)
Total receivables (net)	<u>-</u>	<u>-</u>
Receivables (gross) are aged as follows:		
Not overdue	-	-
Overdue by:		
less than 30 days	-	-
30 to 60 days	-	-
60 to 90 days	-	-
More than 90 days	-	138
Total receivables (gross)	<u>-</u>	<u>138</u>
The allowance for doubtful debts are aged as follows:		
Not overdue	-	-
Overdue by:		
less than 30 days	-	-
30 to 60 days	-	-
60 to 90 days	-	-
More than 90 days	-	(138)
Total allowance for doubtful debts	<u>-</u>	<u>(138)</u>
Note 8: Prepayments		
Grants	-	-
Total prepayments	<u>-</u>	<u>-</u>

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

Note 9: Cash Flow Reconciliation	2007	2006
	\$'000	\$'000
Reconciliation of Net Surplus to Net Cash from Operating Activities		
Net Surplus (Deficit)	-	(239)
(Increase) / decrease in prepayments	-	303
<i>Net Cash from or (used by) operating activities</i>	-	64

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 10: Commitments and Contingent Liabilities and Assets

There is no Schedule of Commitments as there are no commitments as at 30 June 2006 and 30 June 2007.

There is no Schedule of Contingencies as there are no quantifiable contingent assets and contingent liabilities as at 30 June 2006 and 30 June 2007.

Quantifiable Contingencies

There are no quantifiable contingencies as at 30 June 2006 and 30 June 2007.

Unquantifiable Contingencies

There are no unquantifiable contingencies as at 30 June 2006 and 30 June 2007.

Remote Contingencies

There are no remote contingencies as at 30 June 2007.

The Regional Telecommunications Infrastructure Account reported a remote contingent liability in respect of a request to rectify a contract to make an additional \$2.5m payable in 2005-06. The Department denied that there were any legal grounds which required the contract to be rectified. Since the closure of the RTIA Account on 16 May 2006, this remote contingent liability was vested with the Department as an administered item.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 11: Financial Instruments

Note 11A: Terms, Conditions and Accounting Policies

Financial Instrument	Notes	Accounting Policies and Methods	Nature of Underlying Instrument
Financial Assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Receivables	7	Receivables are recognised at the nominal amounts. A provision for doubtful debts is recognised when collection of the debt is judged to be unlikely.	Credit terms are net 30 days (2005-06: 30days).

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 11: Financial Instruments

Note 11B: Interest Rate Risk

	Notes	Fixed Interest Rate Maturing In										Total		Weighted Average Effective Interest Rate	
		1 year or less		1 to 2 years		1 to 5 years		> 5 years							
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 %	2006 %		
Financial Assets															
Receivables (gross)	7	-	-	-	-	-	-	-	-	-	-	138	-	138	n/a
Total		-	-	-	-	-	-	-	-	-	-	138	-	138	n/a
Total Assets												-	-	-	-

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 11: Financial Instruments

Note 11C: Net Fair Values of Agency Financial Assets and Liabilities

		2007		2006	
	Notes	Total Carrying Amount	Aggregate Fair Value	Total Carrying Amount	Aggregate Fair Value
		\$'000	\$'000	\$'000	\$'000
Financial Assets					
Receivables (net)	7	-	-	-	-
Total financial assets		-	-	-	-

Financial assets - the net fair value of cash and receivables approximate their carrying amounts.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 12: Receipts and Expenditure of the Special Account

Legal authority - *Financial Management and Accountability Act 1997*, section 20.

	Cash		Investments		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Opening amount available for appropriation	-	36,285	-	-	-	36,285
Plus: Other revenue credited during the year	-	64	-	-	-	64
Total available for expenditure	-	36,349	-	-	-	36,349
Less: Payments made during the year	-	-	-	-	-	-
Other adjustment ¹	-	(36,349)	-	-	-	(36,349)
Closing amount available for appropriation	-	-	-	-	-	-

¹ The Regional Telecommunications Infrastructure Account was closed on 16 May 2006.

OTHER INFORMATION

GLOSSARY OF TERMS

GLOSSARY OF ACRONYMS

CORRECTIONS TO THE 2005–06 ANNUAL REPORT

COMPLIANCE INDEX

SUBJECT INDEX

06

Glossary of terms

Accrual accounting	System of accounting where items are brought to account and included in the financial statements as they are earned or incurred, rather than as they are received or paid.
Accrual budget	A comprehensive budget incorporating assets, liabilities and revenues, as well as cash receipts and expenditures. Thus an accrual budget is an extension of the cash budget, focusing on all the resource implications of the strategic and operational plan.
Activity	What an agency does to convert inputs into outputs.
Administered items	Expenses, revenues, assets or liabilities managed by agencies on behalf of the Commonwealth. Agencies do not control administered items. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.
Additional estimates	Where amounts appropriated at Budget time are insufficient, Parliament may appropriate more funds to portfolios through the Additional Estimates Acts.
Agency	Agencies are departments of state, departments of parliament and 'prescribed agencies' for the purposes of the <i>Financial Management and Accountability Act 1997</i> . Where the term is used generally in this document, it is meant to refer to departments, agencies, authorities and non-commercial companies.
Appropriation	An authorisation by Parliament to spend moneys from the Consolidated Revenue Fund for a particular purpose.
APS employee	A person engaged under section 22 of the <i>Public Service Act 1999</i> .
Assets	Future economic benefits controlled by an entity as a result of past transactions or other past events.
Australian Workplace Agreements	An Australian Workplace Agreement (AWA) is a formalised individual employment contract that is registered by the Workplace Authority.
Average staffing level	The average number of employees receiving salary or wages over the financial year, with adjustments for casual and part-time employees to show the full-time equivalent.

Certified agreement	A certified agreement is a written agreement about working conditions and wages made between an employer and its employees that is approved and certified by an industrial tribunal. Employees can be represented by trade unions but this is not mandatory. Certified agreements are made available by the federal <i>Workplace Relations Act 1996</i> (Pt VIB), as well as by the <i>Queensland Industrial Relations Act 1999</i> .
Chief Executive Instructions	Instructions issued by the Secretary of the Department for the administration of the department under 5.52 Management and Accountability Act Regulation 6 1997.
Competitive tendering and contracting	The process of contracting out the delivery of government activities previously performed by a Commonwealth agency to another organisation. The activity is submitted to competitive tender, and the preferred provider of the activity is selected from the range of bidders by evaluating offers against predetermined selection criteria.
Consultancy services	<p>Consultancy services are one particular type of service delivered under a contract for services. They are distinguished from other contracts for services by the nature of the work performed. A consultant is an entity, whether an individual, a partnership or a corporation, engaged to provide professional, independent and expert advice or services. Typically, the term consultancy services is used to describe the application of expert professional skills to: investigate or diagnose a defined issue or problem, carry out defined research, reviews or evaluations; or to provide independent advice, information or creative solutions to assist the agency in management decision making.</p> <p>A consultancy contract will typically define the nature and purpose of the task to be performed but not (in any detail) the manner in which the task is to be performed. By contrast, other (non-consultancy) contracts for services will typically be far more restrictive in the degree of latitude afforded to the contractor.</p>
Corporate governance	The process by which agencies are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.
Departmental items	Resources directly controlled by agencies, including salaries and allowances.

Depreciation	An expense recognised systematically for the purpose of allocating the cost of a non-current asset over its useful life.
Deprival asset valuation	Values non-financial assets according to the current cost of their replacement. That is, non-financial assets are valued at the lowest cost of replacing the gross 'service potential' of those assets.
Discretionary grants	Payments where the portfolio minister and paying agency have discretion in determining whether or not a particular applicant receives funding and may or may not impose conditions in return for the grant.
Educational Lending Right	The Educational Lending Right program provides payments to eligible Australian creators (authors, editors, illustrators, translators, and compilers) and publishers whose books are held in educational lending libraries.
Effectiveness indicators	Indicators to assess the degree of success in achieving outcomes. They are likely to relate to intermediate outcomes below the planned outcomes specified at Budget level.
Equity or Net assets	Residual interest in the assets of an entity after deduction of its liabilities.
Expense	Total value of all of the resources consumed in producing goods and services.
Financial results	The results shown in the financial statements of an agency.
Inputs	Resources in the form of people, materials, energy, facilities and funds that an agency uses in activities to produce outputs.
Information economy	The 'information economy' is the term adopted by the Australian Government to describe the transformation of economic and social activities through the application of ICT. An information economy is one where information, knowledge and education are major inputs to business, social and community activities.
Internal auditing	Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Last mile connection	The telecommunications connection between the premises of a user organisation and the core backbone network.
Liabilities	Future sacrifices of economic benefits that an entity is presently obliged to make to other entities as a result of past transactions or other past events.
Non-ongoing APS employee	An APS employee who is not an ongoing APS employee.
Ongoing APS employee	A person engaged as an ongoing APS employee as mentioned in paragraph 22(2)(a) of the <i>Public Service Act 1999</i> .
Operations	Functions, services and processes performed in pursuing the objectives or discharging the functions of an agency.
Outcomes	The results, impacts or consequences of actions by the Commonwealth on the Australian community. Planned outcomes are the results or impacts that the Australian Government wishes to achieve. Actual outcomes are the results or impacts actually achieved.
Outputs	The goods and services an agency produces to contribute to the achievement of an outcome.
Performance measures	Performance measures relate to outcomes, outputs, third party outputs and administered items. They are used when there is a direct causal link between an intervention and a measurable change in performance.
Portfolio Additional Estimates Statements	Similar to the Portfolio Budget Statements and prepared at Additional Estimates time to support an update on the Australian Government's original annual budget for the department.
Portfolio Budget Statements	A document presented by the Minister to Parliament to inform the Parliament of the basis for the department's budget appropriations in support of the provisions in Appropriation Bills 1 and 2. The statements summarise the departments budget and provide detail of outcome performance forecasts and resources in order to justify expenditure.

Public Lending Right	The Public Lending Right program provides payments to eligible Australian creators (authors, editors, illustrators, translators, and compilers) and publishers whose books are held in public lending libraries.
Purchaser/provider arrangements	Arrangements under which the outputs of one agency are purchased by another agency to contribute to outcomes.
Quality	Relates to the characteristics by which customers or stakeholders judge an organisation, product or service. Assessment of quality involves the use of information gathered from interested parties to identify differences between users' expectations and experiences.
Risk management	The culture, frameworks and structures that are directed towards the effective management of potential opportunities and adverse effects. Risk management involves the systematic application of management policies, procedures and practices to the steps of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.
Service charters	A service charter is a public statement about the service that a department will provide and what customers can expect from the department.
Special appropriations	Moneys appropriated by Parliament in an Act separate to an annual Appropriation Act, where the payment is for a specified amount. Special appropriations are not subject to Parliament's annual budget control, unlike the annual appropriations.
Sub-outputs	Sub-outputs identify components that together form an output.
Teletypewriter (TTY)	A TTY is a text-based telecommunications device used by people who are deaf, or have a hearing or speech impairment, and who cannot use a voice telephone.

Glossary of acronyms

3G	Third-generation technology	ASADA	Australian Sports Anti-Doping Authority
AARNet	Australia's Academic and Research Network	ASL	average staffing level
AbaF	Australia Business Arts Foundation	ATO	Australian Taxation Office
ABC	Australian Broadcasting Corporation	ATS	Alternative Technical Solutions
ABS	Australian Bureau of Statistics	ATSI	Aboriginal or Torres Strait Islander
AC	Companion of the Order of Australia	ATSIC	Aboriginal and Torres Strait Islander Commission
ACCC	Australian Competition and Consumer Commission	AWA	Australian Workplace Agreement
ACMA	Australian Communications and Media Authority	AYO	Australian Youth Orchestra
ACRA	Arwabukarl Cultural Resource Association	BART	Budgeting and Reporting Tool
ACT	Australian Capital Territory	BBC	British Broadcasting Corporation
ADSL	asymmetric digital subscriber line	BITS	Building on IT Strengths
AFC	Air Force Cross	CA	certified agreement
AFL	Australian Football League	CAAS	Compliance, Accountability and Assurance Sign-Off
AFP	Australian Federal Police	CAN	Collections Australia Network
AFTRS	Australian Film, Television and Radio School	CARP	Culture and Recreation Portal
AGD	Attorney-General's Department	CBF	Community Broadcasting Foundation
AIA	Art Indemnity Australia	CCA	Collections Council of Australia
AK	Knight of the Order of Australia	CCIF	Coordinated Communications Infrastructure Fund
AM	amplitude modulation	CCR	Central Contracts Register
AM	Member of the Order of Australia	CDMA	code division multiple access
ANAO	Australian National Audit Office	CDS	Commonwealth Disability Strategy
ANMM	Australian National Maritime Museum	CeNTIE	Centre for Networking Technology for the Information Economy
ANP	Advanced Networks Program	CHG	Community Heritage Grants
ANZAC	Australian and New Zealand Army Corps	CMC	Cultural Ministers Council
AO	Officer of the Order of Australia	CMG	Companion of the Order of St Michael and St George
APEC	Asia-Pacific Economic Cooperation	CPG	Commonwealth Procurement Guidelines
APPU	Asian-Pacific Postal Union	CPP	Community Phones Program
APS	Australian Public Service	CSIRO	Commonwealth Scientific and Industrial Research Organisation

CSS	Commonwealth Superannuation Scheme	GCMG	Knight/Dame Grand Cross of the Order of St Michael and St George
CTI	Contemporary Touring Initiative	GDP	gross domestic product
CVO	Commander of the Royal Victorian Order	GGs	General Government Sector
DCITA	Department of Communications, Information Technology and the Arts	GITC	Government Information Technology and Communications contracting framework
DCLB1	People from diverse cultural and linguistic backgrounds (first generation)	GST	Goods and Services Tax
DCLB2	People from diverse cultural and linguistic backgrounds (second generation)	hCG	humanChorionic Gonadotropin
DFC	Distinguished Flying Cross	HiBIS	Higher Bandwidth Incentive Scheme
DOFA	Department of Finance and Administration	HR	human resources
EEO	equal employment opportunity	HRMC	Human Resources Management Committee
EL1	executive level 1	HTML	hypertext markup language
EL2	executive level 2	IBP	Indigenous Broadcasting Program
EMG	Executive Management Group	ICANN	Internet Corporation for Assigned Names and Numbers
EPO	Erythropoietin	ICC	Indigenous Coordination Centre
ESD	Ecologically Sustainable Development	ICS	Indigenous Culture Support
FATSIL	Federation of Aboriginal and Torres Strait Islander Language	ICT	information and communications technology
FBT	Fringe Benefits Tax	IDC	Inter Departmental Committee
FFFC	Flying Fruit Fly Circus	IFRS	International Financial Reporting Standards
FLIC	Film Licensed Investment Company	IMC	Information Management Committee
FM	frequency modulation	IP	intellectual property
FMA	financial management and accountability	IPND	Integrated Public Number Database
FMOs	Finance Minister's Orders	IPv6	Internet Protocol Version 6
FOI	Freedom of Information	IRRR	Indigenous Remote Radio Replacement
FRLI	Federal Register of Legislative Instruments	ISP	internet service provider
FTA	free to air	IT	information technology
		ITOL	Information Technology Online
		ITU	International Telecommunication Union

KBE	Knight Commander of the Order of the British Empire	OEA	Office of Evaluation and Audit
KCB	Knight Commander of the Order of the Bath	OECD	Organisation for Economic Cooperation and Development
KCMG	Knight Commander of the Order of St Michael and St George	OH&S	occupational health and safety
MBE	Member of the Order of the British Empire	OPA	Official Public Account
Mbps	Megabit per second	OPH	Old Parliament House
MC	Military Cross	OSCAR	Online System for Comprehensive Activity Reporting
MILR	Maintenance of Indigenous Languages and Records	PACER	Parliament and Civics Education Rebate
MMAPSS	Maritime Museums of Australia Project Support Scheme	PAES	Portfolio Additional Estimates Statements
MP	Member of Parliament	PBS	Portfolio Budget Statements
MS	Microsoft	PC	personal computer
NAA	National Archives of Australia	PDF	portable document format
NACIS	National Arts and Crafts Industry Support	PDV	Post Digital and Visual Effects
NAIDOC	National Aborigines and Islanders Day Observance Committee	PhD	Doctor of Philosophy
NAISDA	National Aboriginal and Islander Skills Development Association	PLR	Public Lending Right
NGV	National Gallery of Victoria	PM	Prime Minister
NICA	National Institute of Circus Arts	PSAES	Portfolio Supplementary Additional Estimates Statements
NICTA	National ICT Australia	PSS	Public Sector Superannuation Scheme
NIDA	National Institute of Dramatic Art	PSSap	PSS accumulation plan
NITV	National Indigenous Television	PWD	people with a disability
NMA	National Museum of Australia	QC	Queen's Counsel
NPG	National Portrait Gallery	QLD	Queensland
NRS	National Relay Service	RFTO	Refundable Film Tax Offset
NSW	New South Wales	RIBS	Remote Indigenous Broadcasting Services
NT	Northern Territory	RICP	Return of Indigenous Cultural Property
NZ	New Zealand	RLSSA	Royal Life Saving Society Australia
OBE	Officer of the Order of the British Empire	RN	Royal Navy
OCC	Online and Communications Council	ROCO	Register of Cultural Organisations
		RTI	Regional Telecommunications Inquiry

RTIA	Regional Telecommunications Infrastructure Account
SA	South Australia
SBS	Special Broadcasting Service Corporation
SC	Senior Counsel
SES	senior executive service
SME	small to medium enterprise
SRA	Shared Responsibility Agreement
SRMC	Sport and Recreation Ministers Council
T3	Third tranche of Telstra shares
TAFE	technical and further education
TAPRIC	Telecommunications Action Plan for Remote Indigenous Communities
TAS	Tasmania
TVBSP	Television Black Spots Program
UNESCO	United Nations Education, Scientific and Cultural Organisation
UPU	Universal Postal Union
VACS	Visual Arts and Craft Strategy
VIC	Victoria
VoIP	voice over internet protocol
W3C	World Wide Web Consortium
WA	Western Australia
WCC	Workplace Consultative Committee
WD&H	workplace diversity and harassment
WDHC	Workplace Diversity and Harassment Committee
WET	Wine Equalisation Tax
WTO	World Trade Organization
WTO GATS	WTO General Agreement on Tariffs and Trade

Corrections to the 2005–06 Annual Report

Section 3—Management and Accountability

The section on consultants on page 204 of the Department's annual report for 2005–06 incorrectly referred to the total number of consultancy contracts let during the reporting period as a total of 186, incurring a total expenditure for the year of \$4 005 163.23. This should have referred to a total of 191 consultancy contracts incurring a total expenditure for the year of \$4 128 677.03. Details of the omitted consultancies are as follows:

Name of the consultant	Summary description of the nature and purpose of the consultancy	GST Inclusive Commissioned Cost
Godden McKay Loggan	Heritage Management Plan—development of policy and strategy	\$13 035.00
Big Black Dog Communications	Undertake image software development, image selection and the identification and recording of intellectual property right for the Digital Content Programs	\$18 480.00
SRA Information Technology	Migration of Register Of Cultural Organisations (ROCO) Database from Access to Oracle	\$11 998.80
SRA Information Technology	Migration of Register Of Cultural Organisations (ROCO) Database from Access to Oracle	\$55 000.00
KPMG	Artbank Review of Consultant and Rental arrangements for Perth	\$25 000.00

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